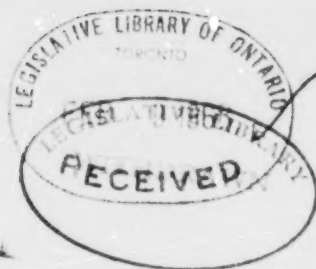


Voluntary
ECONOMIC
PLANNING



NOVA SCOTIA
VOLUNTARY PLANNING BOARD

1966 ANNUAL REPORT
AND
ECONOMIC REVIEW

FEBRUARY 1967

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Available by mail from
the Queen's Printer, P. O. Box 368, Halifax
upon receipt of a cheque or money order
drawn to the order of
the Minister of Finance and Economics
Province of Nova Scotia

A deposit copy of this publication
is also available for reference in public
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and major centres in Canada.

Price: \$3.00

Reprinted May, 1967

Halifax, Nova Scotia
February 7, 1967

The Honourable G. I. Smith
Minister of Finance and Economics
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Smith:

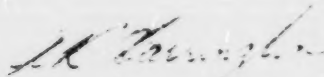
I have the honour to present to the Government the 1966 Annual Report and Economic Review of Nova Scotia by the Voluntary Planning Board.

We have set out, to the extent possible, an assessment of the province's economy in relation to the targets which were established in our FIRST PLAN and the Sector Reports. The progress being made is most encouraging.

Meetings of segment and sector committees, advisory councils and special committees occupied much valuable time of the many voluntary members of the planning organization. The Board would like to express appreciation to all of the people who participated.

The Board wishes you to extend to the members of the House of Assembly its appreciation of the support given to the FIRST PLAN.

Respectfully submitted



A. R. Harrington
Chairman
Voluntary Planning Board



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HIGHLIGHTS

ACHIEVEMENTS

The rate of unemployment fell from more than seven per cent of the labour force in 1964 to about five per cent in 1966.

The annual employment target of 3,400 was exceeded by 2,600 per year.

Capital investment target of 380 million dollars set for 1968 already exceeded by 18 per cent. Investment in manufacturing up by 60 per cent.

Per capita investment increased from 62 per cent of Canadian average to 72 per cent.

Per capita income estimated to have increased by 9.4 per cent compared to an estimated increase in the Canadian average of 8.6 per cent.

Total wages and salaries increased during first nine months by nine per cent.

SHORT-FALLS

Population growth rate less than the one per cent projected in FIRST PLAN.

Sector distribution of employment increases not in proportion established as desirable in FIRST PLAN. Annual increase in manufacturing employment 350 less than 1,600 objective.



PART II - CHAPTER 1

VEP IN 1966

During the year 1966 the Voluntary Planning Board met seven times. Twenty-five full meetings have been held since the Board's establishment. The Executive Committee met ten times in 1966, including four joint meetings with the three-man Cabinet Committee which was itself appointed in 1966. Meetings were continued at the sector and segment level although held less frequently than was required in the period leading up to the production of the FIRST PLAN.

The Board's three meetings in January 1966 involved an examination and assessment of the reports from the sector committees and the staff papers which had been prepared as the background for the preparation of the FIRST PLAN.

Following the preparation and publication of the FIRST PLAN FOR ECONOMIC DEVELOPMENT TO 1968, which was presented to the Government in March 1966, plans for the Agriculture, Fishery, Forestry, Secondary Manufacturing, Mining and Transportation and Communication Sectors and a Report of the Fur, Fish, Game and Recreation Segment Committee were published. Two special studies were also released, one on Nova Scotia Exports and the other on Employment Trends in the Services Sector (1921-1961). All publications are listed in Appendix A.

Subsequent meetings during the year dealt with topics arising from the FIRST PLAN and the treatment of matters such as the Donald report on the CAPE BRETON COAL PROBLEM, upon which a recommendation to the government was made. These meetings also afforded an opportunity for self-analysis and restructuring towards the preparation of the second plan which will cover the period 1969 to 1972.

In keeping with the "starting from below" approach and the two-way flow upon which our program is designed, various programs were continued and initiated.

A general meeting of the Secondary Manufacturing Sector was held in Truro on May 25, 1966, as had been done in the Agriculture Sector late in 1965.

The Mining Society of Nova Scotia, which represents most of the province's mining community, invited participation in their annual meeting and convention, June 30 and July 1. This provided an excellent forum for presentation of the PLAN FOR THE MINING SECTOR which had been made public shortly before the convention.

The Board together with the Economic Council of Canada, the Nova Scotia Research Foundation and the New Brunswick Research and Productivity Council co-sponsored a conference on "Productivity Through New Technology" in Halifax on October 24 and 25.

On December 13, 1966 the first of seven proposed regional meetings was held in Yarmouth.

The Education Advisory Council met several times during 1966 and has submitted an annual report to the Board. It is interesting to note that they have included an assessment of the potential of research facilities among the future tasks on which the Council's work is just beginning. The importance of this is shown by the two new electronic manufacturers that established in the province as a result of scientific research carried out by one of our universities. This research developed a process for the production of highly technical equipment for a ready market.

The Consumers Advisory Council held an initial informal meeting late in the year upon the occasion of the "housewives' war on food prices".

A Power Advisory Council was formed to replace the Power Sector Committee which had effectively discharged its duties.

The Municipal Forest Taxation Committee continued to meet and is preparing a statement to be presented to the Board in the near future.

The Special Committee on Coal met to consider the

implications of the Donald report on the CAPE BRETON COAL PROBLEM.

From the beginning of its activities, the Board knew that realistic economic planning in Nova Scotia would require an assessment of the Nova Scotia steel industry.

Appendix E of the FIRST PLAN sets out the manner in which a Steel Committee was formed consisting of representatives of the Atlantic Development Board, Dosco, VEP and the Federal Department of Industry. The work of this committee is continuing and although it has been necessary to keep its work confidential it can be said that a report is expected later in the year.

The Board suggests to those who are impatient for immediate results that the problem developed over many years and is highly complex.

In the meantime the Board wishes to draw to the attention of the appropriate authorities that the position of steel in Cape Breton will be of vital importance to the work of the proposed Cape Breton Development Corporation and that it and the existing federal and provincial agencies should not attempt to ignore or to work in isolation from one another. The Board is anxious to work with this Corporation at the first possible opportunity.

The FIRST PLAN recommended the formation of a committee composed of three cabinet ministers primarily for the purpose of expediting the implementation of the approved public recommendations. The Board is encouraged by the formation of the Committee which met four times with the Executive Committee. During these meetings consideration was given to reports which had been received from each department of the Government outlining their policies with respect to the provincial plan.

During the year a motion picture film entitled AND NOW was produced for the purpose of explaining to the public the benefits which may be derived from sound economic planning. Copies of this film, which may be borrowed without charge, are available at strategic

outlets within the Province which are listed in Appendix B.

The term of office of each Board member is designed to maintain continuity during the period when new members are being brought in to replace those who have completed their term of office. The Board has been increased from its original 24 members to a present 34. This enlargement has permitted a closer liaison with industry associations such as the Nova Scotia Federation of Agriculture and has broadened the communities representation on the Board. The names of present Board members are set out in Appendix D.

The permanent staff of the Division of Voluntary Economic Planning has remained small. Several additions have been made to accommodate the formation of an Economic Research Unit which was recommended in the PLAN and authorized by an Order in Council during the year. The staff, by virtue of having completed the organizational work of the many sector and segment committees, has been able to turn more of its attention to a more fundamental analysis of the provincial economy. The staff has also worked closely with inter-departmental committees which have been set up jointly with the departments of Education, Labour, Municipal Affairs and Trade and Industry.

The progress made toward the goal of a faster rate of growth in the provincial economy has been measured and it is most encouraging.

The chapters which follow have been designed to report on these matters in greater detail.

PART II -- CHAPTER 2

TOWARDS THE SECOND PLAN 1969-1972

With completion of the FIRST PLAN, voluntary economic planning has become a dual process. The Nova Scotia Voluntary Planning Board is now concerned both with the implementation of the current plan and the formulation of the Second Plan for the years 1969 to 1972. During 1967, the Board will be increasingly occupied with the preparation of the Second Plan.

The Second Plan should present fewer problems in preparation than did the First. Initially, the Board had no experience to draw upon, the permanent staff was small and inexperienced, and there were sectors of the economy of the province that had never received detailed study. These factors contributed to the limitations of the FIRST PLAN. The Board intends that the Second Plan shall be more detailed, more precise, more comprehensive, and more integrated than the First.

In February, 1967, the Board started to send suggested working papers to all sector committees. These are intended to furnish guidance and assistance to the committees and, in particular, they ask committees to concentrate on certain specific problems within their sectors that the Board considers to be of major importance to the Second Plan.

The same documents leave sector committees free to utilize segment committees in the way that they consider most appropriate. Sector problems are diverse and the organization of voluntary economic planning within sectors must accordingly be highly flexible. The Board believes that this flexibility can best be obtained by leaving the sector organization to the judgment of the respective sector committees, which now have the experience of the FIRST PLAN to guide them.

The Board considers that in addition to the work of sectors the following subjects must be given high priority in the Second Plan:

- (1) accelerated growth of secondary manufacturing

(ii) concentration of economic activities in the province with special emphasis on Industrial Development Centres

(iii) education

(iv) more detailed analysis of service industries

(v) steel and coal

The FIRST PLAN emphasized the key role that secondary manufacturing must play in the future development of the provincial economy. Although recent progress is encouraging, the task of expanding the industrial base of the province is complex and challenging. The Board intends that the Second Plan will deal with this matter in a more detailed and precise way than was possible in the First.

The future growth of secondary manufacturing in Nova Scotia will to a large extent be heavily dependent on the evolution of the industrial development centres as defined in the FIRST PLAN. These are large urban centres which can provide a large pool of skilled labour, specialized training, research and transportation facilities, specialized business services and other services and resources necessary to support a large industrial complex which will be capable of generating self-sustaining economic growth over time. The delineation and organization of these centres will be dealt with in greater detail in the Second Plan.

The FIRST PLAN also dealt with two other types of centres in which certain economic activities should be concentrated. These are resource and service centres. The resource centre is designed to meet the needs of particular types of resource-based primary manufacturing industries; while the service centres would ensure that modern and efficient services are available in all parts of Nova Scotia. These will be dealt with in a comprehensive manner in the Second Plan.

A rising level of education and technical training is a necessary condition for higher levels of income and employment in Nova Scotia. The FIRST PLAN contained only a preliminary report from the Education Advisory Council. The Second Plan must include an analysis in depth of the provincial educational system and the

changes that are required to enable it to play a more effective role in economic development in Nova Scotia.

The FIRST PLAN stressed the major role that service industries have played in creating new jobs in Nova Scotia. A serious difficulty encountered in the preparation of the FIRST PLAN was the very limited information available on this subject. To meet the situation, the Board commissioned a number of special studies. Much more detailed knowledge and analysis of these industries is required for effective planning purposes. Further research will be continued and the results embodied in the Second Plan.

The future of the steel industry in Nova Scotia and the successful implementation of the new federal policy concerning both the coal industry and the restructuring of the Cape Breton economy pose the most serious problems that face the provincial economy in the years that lie immediately ahead. Everything indicates that the second planning period, 1969 to 1972, will be a crucial period for these industries. The Board is determined that these problems shall be met in ways that serve the best interests of the people of Nova Scotia.

PART III - CHAPTER 1

CANADA AND THE INTERNATIONAL ECONOMY, 1965-66

Canada, in 1965, witnessed the fifth consecutive year of growth as the pace of economic activity in Canada and abroad continued to rise bringing the economy close to its limits of capacity. In 1966 the growth continued despite the restrictive monetary and fiscal environment which prevailed and although a substantial amount of the growth in gross national product will be accounted for by price increases, there is every indication that the real growth will equal that of 1965.

In 1965, gross national product increased by 9.7 per cent to 52.0 billion dollars and when adjusted for price increases resulted in a growth of 6.6 per cent. In 1966 it is anticipated that gross national product will be approximately 57.4 billion dollars, an increase of eleven per cent in current dollars and six per cent in real terms. Consumer spending will again, as in 1965, account for the major portion of the increase in gross national product (approximately 50 per cent) with business capital expenditures and government expenditures accounting for the remainder.

Manpower shortages, particularly of skilled labour, plagued the economy and contributed in part to the inflationary pressures during the period. In 1965 the unemployment rate dropped to 3.9 per cent (down from 4.7 per cent in 1964 and 7.1 per cent in 1961) and in 1966 it fell to a "hard core" rate of 3.7 per cent while the average level of employment increased by 3.8 per cent and 4.3 per cent in 1965 and 1966 respectively. The shortages of manpower were tempered in 1966 by a substantial increase in immigration in addition to an inflow of female and teenage workers into the labour force. This influx of immigrants, females and teenagers resulted in a more rapid growth in the labour force in 1966 (4.1 per cent) than in 1965 (3.0 per cent).

The dynamic expansion which has characterized the Canadian economy (and most of the industrial economies

of Western Europe and the United States) for the past six years began to exert inflationary pressures in late 1965, and in 1966 monetary and fiscal policy was used in an effort to contain and control the pressures on the economy. The Canadian monetary authorities quickly followed the increase in the bank rate of December 1965 (when it was raised to 4-3/4 per cent) by a further increase to 5-1/4 per cent in March 1966. In addition to the increase in the bank rate there was a marked reduction in the rate of increase of the money supply during 1966. The rate of growth of the money supply expressed at an annual rate of quarterly change was only 5.1 per cent in the first quarter of 1966 and 5.4 per cent in the second quarter, as opposed to changes of 12 per cent and 13 per cent for each of the first two quarters of 1965. Fiscal policy was aimed at postponing or reducing capital spending projects but was hindered in its effectiveness due to government commitments to certain projects which were not amenable to postponement, for example, expenditures for Centennial year programs.

In 1965 and 1966, the Canadian economy continued to set new records in all of the major phases of the economy with the major impetus to sustained growth coming from - investment in plant and equipment, exports and government expenditures. The underlying source for the continuing growth in the Canadian economy is the high level of economic activity taking place in many of the industrial economies of Western Europe and the United States.

During 1966 the major countries of Western Europe, with the exception of Great Britain, were enjoying continuing economic growth. However, excluding France and Italy, the economic expansion of these countries had inflationary pressures of varying degrees. As a result these countries found it necessary to implement restrictive economic policies. France and Italy are the only major countries which had no inflation, a higher rate of real growth in 1966 than prevailed in 1965, and rising foreign currency reserves in 1966.

In Britain in 1966 the wage-price freeze and fiscal and monetary restraint triggered off a serious recession. In order to overcome the British balance-of-payments

crisis, the fiscal and monetary authorities have continued to reduce the real growth of the British economy. Unemployment increased during 1966 from a low of approximately 1.1 per cent to about two per cent by year end. The United Kingdom's gross national product only increased by 1.5 per cent during 1966.

In 1966 the United States economy, after six years of balanced economic growth, experienced inflationary conditions. The gross national product increased by 8.5 per cent, while price increases reduced the real growth to five per cent, whereas in 1965 it rose by eight per cent in current dollars and 6.1 per cent in real terms. In an attempt to stave off inflation, the United States resorted primarily to monetary policy. Money became more expensive and more difficult to borrow than at any time in 40 years. Prime interest rates went up on four different occasions, climbing from 4.5 per cent in late 1965 to six per cent by August 1966.

The United States' balance of payments with the rest of the world has been in deficit for some 15 years, and in serious deficit for the past eight years. During 1966 the deficit in the United States' balance of payments was once again large (about 2 billion dollars as compared to 1.3 billion dollars in 1965 with an average annual deficit of 2.5 billion dollars during the preceding four years) despite President Johnson's program of "voluntary" restraints imposed on United States business concerns engaging in international trade. Thus gold has continued to flow out of the United States, reducing their already depleted gold stock.

Canada's overall balance of payments position has been favourable with a surplus recorded on the combined current and capital account. The strength in the overall payments position is reflected in the increase of official exchange reserves of gold and United States dollars and by the fact that Canada is in a net creditor position with the International Monetary Fund. However, in 1965 and 1966 there was considerable concern voiced about Canada's growing current account deficit and the cost and availability of capital to finance this deficit, although these reservations were quickly dispelled by the inflows of long-term capital.

The current account deficit which had fallen from 1.5 billion dollars in 1959 to 0.4 billion dollars in 1964 took a sharp rise in 1965 when it reached 1.1 billion dollars. In 1966 it is expected that the deficit will be somewhere around one billion dollars. The major part of this deficit is made up of non-merchandise current transactions (slightly over one billion dollars per annum) with about two-thirds of this deficit accounted for in transactions with the United States as payments of interest and dividends.

Canada's balance on merchandise trade which has been a deficit item for 1959-1960 improved from 1960 on and peaked in 1964 with a surplus of 700 million dollars. However, in 1965, the surplus dropped to 133 million dollars which contributed substantially to Canada's current account deficit. In 1966 a 17.1 per cent increase in exports will result in a 400 million dollar surplus, as imports rose only 14.3 per cent. The most notable increase in exports in 1966 has occurred in the shipments of highly manufactured goods and more specifically automotive parts. Exports to Great Britain declined sharply as a result of the austerity measures announced in September 1966.

Canada has historically been a large net importer of capital except during periods such as the last war and the immediate post-war period when conditions abroad were exceptional. Presently, the inflow of foreign capital required in order to finance the deficit on current account is becoming scarce and relatively expensive. Countries are resorting to placing restraints on the movements of international capital as witnessed by the United States interest equalization tax. In addition, most of the industrial nations of the world have been relying on high interest rates to combat inflation. Despite these developments, Canada experienced no difficulty in financing the current account deficit. In the first nine months of 1966, the net inflow of long-term capital was 325 million dollars compared with 478 million dollars in the corresponding period for 1965, and short-term capital movements during the same period this year resulted in a net outflow of 577 million dollars compared with a net inflow of 396 million dollars during the first nine months of 1965.

In 1965, total consumption expenditures increased by eight per cent and accounted for approximately one-half of the increase in gross national product. Consumer spending in 1965 was spurred on by higher personal incomes as a result of the continuation of the boom in business investment, higher wage rates, and payments received by farmers on the wheat sales to Russia. There was considerable impetus given to consumption expenditures by the higher personal disposable income brought about by the tax cut in July of 1965. All of these factors combined to maintain the buoyancy in consumer spending.

However, in 1966, consumer spending moderated in the second quarter as personal disposable income fell slightly as a result of payroll deductions for the Canada and Quebec Pension Plans which came into effect earlier in the year; an increase of 8.7 per cent compared with 11 per cent last year. The tight consumer credit market had a restraining effect on sales, but as the economy moved towards the end of the year there was evidence of increased consumption expenditures. This will probably result in an eight per cent increase in sales for 1966 matching last year's performance, although price increases may result in an actual decline in the volume.

Housing expenditures increased slightly in 1965 from 2.0 billion dollars to 2.1 billion dollars. Despite the fact that outlays for housing have been increasing over the period 1961 to 1965, their relative position has been declining as a percentage of total capital outlays. In 1966, housing expenditures suffered from the tight mortgage market and high interest rates. The mid-year review of public and private investment in Canada indicates a decline in the outlays on housing for a loss over the year of less than one per cent. Expenditures in new residential construction has been one of the most volatile elements in the composition of gross national product and will require, as in the past, government assistance in order to meet the rapidly growing demands for new housing as a result of new family formation. Unless this increased demand for housing is met within the immediate future, the higher rents which it would occasion would exacerbate the trend in rising

living costs and wage demands.

Government expenditures for goods and services increased by approximately 14.6 per cent in 1966 as compared with an 11 per cent increase in 1965. However, capital expenditures by all three levels of government were down slightly to 2.2 billion dollars in 1966 as opposed to 2.4 billion dollars in 1965, registering a decrease of 8.4 per cent compared to an increase in 1965 of 29 per cent. Current government expenditures recorded an increase of 23.6 per cent in 1966 versus a six per cent increase in 1965. The substantial rise in government capital expenditures in 1965 reflected the sharp increase in capital projects such as roads, schools, universities and hospitals as a result of the changing age distribution of the population and the influence of increased urbanization. There is no doubt that the decrease in capital spending in 1966 reflects the federal government's concern with inflation.

Business capital expenditures have been one of the main stimuli to the economy. In 1965, outlays by businesses increased by 18 per cent although expenditures in 1966 will fall short of the anticipated increase, rising by only 15 per cent. The investment programs of 1965 differed fundamentally from those which occurred during the investment boom of the mid-fifties. The recent gains were more widely diffused over a broader spectrum of economic activities, whereas the earlier expansion was more heavily concentrated in basic resource activities such as mining and utilities. In response to the growing markets much of the capital spending in 1965 was allocated to industries such as the automobile and related product industries, the chemical industry, and the pulp and paper industry. Much of the stimulus for the shift in capital expenditures comes from the Canada - U. S. Auto Pact. In 1966, resource-based forest and mineral industries, utilities, and the transportation sectors of the economy recorded substantial gains while investment in manufacturing, and trade and finance increased less strongly.

Historically, Canada's economic development has depended in large measure on conditions prevailing in other industrial countries of the world. Within this context it is necessary to look at some of the developments which

could conceivably pose problems for the economy in the years ahead.

One source of concern lies in the future course of United States' action in the war in Viet Nam and the status of the U. S. balance of payments deficit. Much of the increase in exports in recent years has been consigned to the United States and a significant portion were defence-oriented goods. In addition, any restraints on the international flow of capital by the U. S. authorities could result in serious problems for the financing of the Canadian current account deficit.

The second area of concern resides in Britain's quest to join the Common Market and its implications for Canada's export trade. Although exports to Britain have been declining in recent years, a substantial part of export earnings is derived from Britain (approximately 15 per cent of total commodity exports are consigned to Britain). In the event that Britain does not succeed in joining the Common Market she could conceivably provide a less reliable (and in fact diminishing) outlet for Canadian exports than is now the case. However, should the United Kingdom succeed in joining the Community, the resulting buoyancy of the British economy may result in larger purchases of Canadian products than are now being sold in limited quantities or not at all, despite the fact that the terms of access would not be as favourable.

The Economic Council of Canada in the Third Annual Review have stated that productivity in Canada has not been increasing as rapidly as it could or should be, and that the growth of productivity has been lower in Canada than in the United States. In addition, the increase in prices has been greater in Canada than in the United States. Thus, a third area of concern for Canada's continued economic growth is the trend of some labour unions in their commitment to and acceptance of the "wage-parity with the United States" thesis. Thus, in the light of slowly increasing productivity and rapidly increasing prices coupled with the fact that a formal prices and incomes policy has been designated as unworkable within the Canadian context by the Economic Council of Canada, labour's demand for wage-parity with the United States could result in an erosion of our international competitive advantage. Therefore, every effort must be

made to warn Canadian labour unions of the disastrous consequences of seeking wage-parity with the United States and to elicit their support in the abandonment of this objective until such time as our productivity matches that of the United States. The only remaining course of action lies in the authorities' attempts to influence the broad forces of supply and demand; measures which have not proved too successful in the past.

While capital investment by business concerns has been one of the main stimulants to sustained economic growth during the past year, the squeeze on corporate profits will have a retarding effect on future investment programs. Corporate profits have been adversely affected by costly wage increases in 1966 and there are still a substantial number of labour contracts to be negotiated in 1967. Unless there is a greatly increased effort to expand productivity in conjunction with labour demands there will either be greatly increased prices or a cutback in capital investment and the inevitable downturn in economic growth.

Despite the reservations stated above there is every indication that Canada's growth in the coming years will continue, although the rate of growth will not be as high as in the past two years. What Canada will face in the year ahead is an adjustment to a more sustainable rate of growth with, it is anticipated, a more moderate increase in prices. New productive capacity which will begin to exert its effects on the economy in 1967 will contain the trend of increasing prices. In addition, larger crops, which will restrain the movement towards higher food prices (food prices accounted for the major portion of the increase in the Consumer Price Index), and continued growth of the labour force will all exert a restraining effect on price movements.

PART III - CHAPTER 2

THE NOVA SCOTIA ECONOMY 1965-1966

Nova Scotia has enjoyed continued economic expansion during the past five years with the growth being particularly significant during the latter part of this period, more specifically 1964 to 1966. Employment, income, output and investment have again reached record highs in 1966 despite indications of a slowdown in the rate of growth during mid-year. One of the major forces behind this growth has been the general optimism and the steady expansion of the national economy. This has generated large investment increases in the provincial economy, one of the main reasons for the accelerated growth in recent years. Since late 1965 there has been increasing concern at the national level about inflationary pressures bringing an end to the high rate of economic growth. This concern resulted in the federal government applying national monetary and fiscal policies aimed at restraining spending programs, particularly capital spending, with the hopes of alleviating inflationary pressures and prolonging real economic growth. The restraining effect of these policies became evident particularly in the third quarter of 1966 at both the national and provincial levels.

The province's labour force has increased at an annual rate of slightly more than two per cent during 1965 and 1966. This increase is much greater than that projected in the FIRST PLAN where an annual increase of 0.6 per cent was expected. The principle reason for this increased growth was a larger participation of the female population in the labour force than projected. The province's civilian labour force averaged 248 thousand persons during 1966.

An even larger increase in the labour force would have occurred if population had expanded as projected in the FIRST PLAN, at an annual rate of one per cent. Preliminary estimates of the 1966 census show an annual average population growth of only 0.4 per cent between 1961 and 1966. This slow growth in population appears to result from a large average net out-migration of people from the province. The annual net outflow averaged 8,900

persons or 1.2 per cent of population during the past five years. This is double the rate which prevailed during the previous five year period.

Employment increases have surpassed the targets established in the FIRST PLAN. An annual increase of 3,400 jobs was selected as the target to 1968 to provide employment for the growing labour force and to reduce unemployment to five per cent. The actual increase in employment during 1965 and 1966 is difficult to determine as different estimates are obtained using different sources of data. By using the most conservative estimates employment increased by approximately 7,000 jobs in 1965 and by 5,100 jobs in 1966. This represents an average net increase of approximately 6,000 employed, almost double the established target. The increased employment was sufficient to reduce unemployment from more than seven per cent of the labour force in 1964 to 5.4 per cent in 1965. In 1966 the reduction in the rate of unemployment was slight as 5.2 per cent were unemployed. The average number of unemployed during each of the two years was similar, numbering 13,000 persons. The relatively good performance in 1966 depended heavily on the gains made during the first half of the year, while the last half saw unemployment at slightly higher levels than during the same period in 1965. This was a result of a slowdown in the growth of employment during the latter part of 1966.

While the employment targets were greatly exceeded, the sector distribution of these increases was not in the proportions which were established as desirable in the FIRST PLAN. The average annual net increase in manufacturing was set at 1,600 jobs. The actual average increase was only 1,250, 350 jobs below the target. While in 1965 the target for growth in manufacturing employment was exceeded by 200 jobs, 1966 failed to reach the target by 900 jobs. Of the target of 3,400 net increase in employment the supporting and service sectors were to provide the remaining 1,800 jobs. These sectors, led by construction and trade (averaging an increase of 1,850 jobs and 1,000 jobs per year respectively), produced employment increases two and one half times the original target during the first two years of the planning period. All of the commodity producing sectors of the economy (with the possible exception of primary fishing) showed

a decline in the growth of employment during 1966 relative to their 1965 performance, while the other sectors either maintained their 1965 rate of increase or exceeded it. In the autumn of 1966, non-seasonal lay-offs in primary iron and steel and metal fabricating meant a loss of 900 jobs, principally due to a general drop in demand for steel products.

The volume of output in commodity production in the province rose substantially in 1965 led by increases in fishing and construction of approximately 15 per cent and 12 per cent respectively. Increases of five to ten per cent were registered in manufacturing and power, and forestry and agricultural output each gained two per cent. Output in mining grew less than one per cent with declines in coal and gypsum. Information on output during 1966 indicates that output in agriculture, forestry, fishing and power have increased at greater rates than in 1965, while the growth of manufacturing and mining output was expected to be down slightly from 1965. While only limited information is available on the construction industry, total output is expected to rise but at a much lower rate than in the previous year.

Investment in 1965 increased by 22.5 per cent, reaching 332 million dollars, and the survey of intentions showed a planned increase of 19.8 per cent for 1966. However, this survey was carried out prior to the announcement of the federal budget measures to restrain investment. Intentions for 1966 showed a planned increase of 26 per cent in business investment and a 16 per cent increase in social capital investment (principally government capital expenditures). While in 1965 government investment accounted for the largest portion of the increase, in 1966 manufacturing investment was expected to account for two thirds of the increase. This resulted in manufacturing investment representing one quarter of all investment in 1966, a record high. Another notable change in the structure of investment in the province in 1966 was the significantly larger proportion going into machines and equipment compared with that being spent on construction.

It is difficult to determine if the plans for 1966 have been carried out. Increases in employment in the construction industry and other available data indicate

that they are for the most part being implemented.

The investment intentions for 1966 indicate that the projected target of 380 million dollars to be reached in 1968 already has been surpassed by 17.7 million dollars. The 1966 per capita target of 480 dollars was exceeded by 9 per cent in 1966. These intentions indicate that relative to Canada, per capita investment in Nova Scotia has increased since 1964, from 62 per cent of the Canadian level of investment to 72 per cent, reducing the absolute disparity by four per cent. Investment per capita during 1966 would thus be 204 dollars less in Nova Scotia than the national average.

Total personal income in the province increased by 8.5 per cent in 1965 and the estimated 1966 increase was 9.3 per cent for a total of 1,235 million dollars. This represents an annual increase of 115 dollars and 140 dollars per person in 1965 and 1966 respectively. In both years over one-half of the increase in personal income was the result of increased total wages and salaries.

In the past, much emphasis has been placed on the lower level of per capita personal income in the province when compared with the national average. Despite the advances of the province's economy and a reduction in the rate of unemployment the per capita personal income increase of eight per cent in 1965 was not enough to reduce the gap between the province and the national average. Estimated per capita personal income for 1966 indicates a 9.4 per cent increase to 1,625 dollars. The increase in the Canadian average is expected to be approximately 8.6 per cent. Thus 1966 saw a slight improvement in the relative disparity while the absolute difference in per capita incomes continued to increase.

In the first nine months of 1966 total wages and salaries (which make up about 60 per cent of personal income) have increased in the province by nine per cent over the same period of 1965, a slightly higher increase than in 1965 (9.2 per cent). The increases were the result of increased employment and higher average earnings. Average weekly earnings increased five per cent in 1966.

The construction industry had the highest gain (6.8 per cent) followed by manufacturing (5.4 per cent) and finance, insurance and real estate (5.0 per cent).

While income increased in 1966, consumer prices also increased substantially. Consumer prices registered an average increase of 2.7 per cent in the province (using Consumer Price Index for Halifax) during the year. This compares with a 1.8 per cent increase during 1965. At the national level the price rise was more pronounced, particularly for 1966 (3.7 per cent in 1966 and 2.4 per cent in 1965). Rising food prices in 1966 (up 5.5 per cent) accounted for much of the increase at the provincial level as well as in the nation as a whole.

Growth in retail sales during 1966 is expected to be similar to or exceed that of 1965 when sales increased 7.4 per cent. While sales during the first ten months of 1966 increased only 4.3 per cent over the same period in 1965, the large volume of sales during November and December are expected to increase this to over seven per cent for the year. As there has been little change in population during the period, growth in per capita sales equals that of total sales.

While inflation has spread into the provincial economy to a limited degree during the year, particularly in the construction sector, prevailing economic conditions suggest that economic policies should be aimed at stimulating provincial growth and not restricting it. Employment conditions are beginning to show signs of deterioration. The unemployment rate is more than one third above that recommended by the Economic Council of Canada. The labour force participation rate is four to five per cent below the national average. While the construction sector appears to be fully employed the outlook for the future is uncertain as it depends to a large extent on the effect of present monetary and fiscal restraints on next year's investment programs. Present indications in Nova Scotia are that these restraints have caused a slowdown in the province's economic growth which will continue at least into the first half of 1967.

PART III - CHAPTER 3REVIEW OF SIGNIFICANT DEVELOPMENTS TOWARDS
THE IMPLEMENTATION OF THE FIRST PLAN

It is the intention in this Chapter to set forth, sector by sector, developments toward the achievement of the Board's targets, to review the implementation of the sector committees' recommendations, and to record other significant developments during 1966. Sectors included in this Review are: Agriculture, Fisheries, Forestry, Mining, Secondary Manufacturing, Construction, Electric Power, Transportation and Communication, Tourism, and the defence and health segments of the Services Sector. It was not possible, due to space limitations, to include action taken on all recommendations, and consequently only a selected representation is included. The status of all recommendations is included in the sector plans which are available as set out in Appendix A.

Agriculture Sector

The review of agriculture does not contain a detailed statistical comparison of the performance in each individual segment (poultry products, horticulture, field crops, livestock products and dairy products), as related to targets established for 1966 by the Board. The targets for these segments are based on historical trends in cash income from 1947 to the present. These data were revised by the Dominion Bureau of Statistics for all the relevant years since the projections were set late in 1965. The adjusted figures are not so much a reflection of adjustments in estimates of physical output as they are an indication of the change in methods used to arrive at dollar value. In light of these changes it is necessary that targets for the sector and segments be adjusted accordingly. The work being done to this end will not be completed in time for inclusion in this report.

The revised total farm cash income figures show an increase of 9.0 per cent in 1965 over 1964 (46.5 to 50.7 million dollars) which is well above the 6.5 per cent increase projected in the Agriculture Sector Plan. Returns for the first three quarters in 1966 show an increase of 11.5 per cent (36.2 to 40.3 million dollars) over the third-quarter total for 1965 which is more than four times the 2.6 percentage target established by the Board. If the 11.5 per cent trend were to prevail throughout the final quarter, the absolute annual increase would be 5.8 million to a total of 56.5 million dollars.

In reference to the processing industry, it is estimated that over the past three years outlays in the order of three million dollars have been made for modernization and expansion of plant, and the purchase of modern, highly specialized equipment. Indications are that the processing industry will expand at an accelerated rate over the next few years as a result of increasing demands for processed foods. An indication of the expanding role of food processing can be obtained from the apple industry. In the early 1960's 60 per cent of the total crop was devoted to processing. The percentage is currently estimated to be 75 to 80 per cent.

It is also noteworthy that after a lapse of four decades, Cheddar cheese is again being produced in Nova Scotia. A new 200 thousand dollar plant came into production July 1 and has proven to be an important market for dairy farmers in the Truro region. Quality control is reported to be excellent with the result that the product is being received favourably.

In line with recommendations included in the Agriculture Sector Plan, the Department of Agriculture has acquired modern soil testing equipment which received increasing use in both 1965 and 1966. The Department has also established an Economics Division under the direction of a professional economist who has already undertaken a number of cost-benefit studies. The fertilizer assistance program introduced in 1965 distributed 250 thousand dollars in an effort to encourage forage and grain crops and thereby assist livestock producers.

The Board is concerned about the problems associated with the establishment of commercial farms. It is encouraging to note that forces are at work to make this transition as orderly as possible. The purpose of the Nova Scotia Land Settlement Board is to assist in establishing farmers on productive land or land capable of being made productive through the extension of credit. It is their policy to encourage land consolidation in an effort to enhance the welfare of those engaged in primary agriculture. In 1966, they granted more than 2.1 million dollars in new and additional loans to farmers in an effort to promote more viable farm units. Efforts toward consolidation are of particular significance in that the size of the farm unit necessary to yield a farm operator the equivalent of an industrial wage is becoming progressively larger.

Following the formation of a Poultry Council, a Broiler Marketing Board was actively promoted and established during 1966. Reports indicate that the marketing board has worked quite well thus far in maintaining price stability. While it is recognized that marketing boards are not a panacea, price stability, or lack of it, is one of the most important problems with which the farmer must cope.

Perhaps the most important development of the year in agriculture aside from advances relating to the sector plan, was the announcement of plans for a four and one-half million dollar expansion program at the Nova Scotia Agricultural College. The proposal represents more than a physical expansion of existing facilities - it is an enlargement of the program offered by the College. The President of the College, commenting on the expansion said; "While the primary emphasis will continue to be on the training of farm managers, the College will now broaden its program to supply competent young men and women for the whole food industry." Specifically, the College will extend the number of years offered towards a B.Sc. degree in Agriculture (completed at MacDonald College in Montreal) from two to three years. Only two additional years of study at MacDonald College will then be required for the student to qualify for the B.Sc. degree.

In conjunction with expansion of the degree course, there will be a phasing out of the existing diploma course in favor of a new technical and vocational program. Courses will be offered at various levels of training leading to a vocational certificate, a technician diploma, and a technologist diploma. Costs of facilities for the technical and vocational program are to be underwritten jointly by the Provincial and Federal Government under the Technical and Vocational Training Agreement.

Fisheries Sector

The latest preliminary figures indicate that the total landed value of fish in 1966 will be about, or slightly more than, 50 million dollars. If the final figures bear this out, then despite lower landed values for lobster and scallops, the Nova Scotia fishery will have experienced its sixth consecutive year of expansion. In relation to the landed value target of 47 million dollars set for the fisheries sector, the actual should exceed that target by approximately three million dollars or six per cent.

The total quantity of fish landed should be in the order of 700 million pounds, a gain of about 18 per cent (108 million pounds) over 1965. Related to the target set for the sector of 683 million pounds, the actual should exceed this amount by two and one-half per cent.

Significant are the gains in the quantity of herring landed. In 1966 landings totalled 200 million pounds, up 50 per cent over 1965, and 100 per cent over 1964. Total groundfish landings are expected to be up 10 per cent over 1965 to about 415 million pounds. There are also indications of a record high haddock catch that may exceed 100 million pounds. The landed value of this fish species is expected to exceed the previous year's by two million dollars. The cod catch was up by about five to six million pounds over the 138 million pounds caught in 1965.

As previously stated both the lobster and scallop fisheries had disappointing years in comparison with 1965. Both landed quantity and value are thought to be down for lobsters, predicted on the basis of October's data, and the lower prices offered in December. Although scallop landings were expected to approximate the 18.5 million pounds caught in 1965, a decline in price throughout 1966 will probably result in a reduced total value of landings of between two and three million dollars.

During 1966 new vessel construction was again at a record high level with 30 more vessels being completed than in any previous year. Significant

advances were made in the construction of herring seiners with 20 boats either completed or under construction. Stern and side trawler construction was also active with a total of 13 new boats completed or near completion at year end. Other completions included 18 draggers, eight longliners, and 65 new boats for the inshore fishery.

In 1966, no fewer than 15 fish processing firms were either constructing new facilities or making extensive additions. Some of these came into production during the year and all are expected to be in production by the middle of 1967.

It is estimated that total capital outlay for all these new and expanding enterprises will be between 12 and 14 million dollars upon completion, with an expected increase, between 700 and 1,000, in direct employment. This would mean a substantial increase in total employment over the 1965 estimate of 4,350. Processing employment for the first six months of 1966 was higher than the figure for the comparable period in 1965, resulting mainly from the impact of new processing capacity coming into production. From these preliminary indications, the employment target of 4,000 set for the sector should be exceeded.

Near the end of the year, though, certain marketing problems were evident in Nova Scotia's fish processing industry, notably in frozen fish blocks. This condition apparently is the result of rapid world-wide expansion in fish processing capacity, mostly aimed at the lucrative United States market. Over-capacity and slackening North American demand could have an adverse effect on the rate of growth of Nova Scotia's fish processing industry during the latter half of the first planning period.

There were several developments during the year in line with the Fisheries Sector Committee's recommendations. In the field of education the Nova Scotia Department of Fisheries progressed on three fronts: shore training at the Fisheries Training Centre in Pictou, on-vessel training, and net and gear courses. The Director of the fisheries school, in cooperation with industry, public schools, and the Canadian Manpower

Centre publicized the school's program with the result that the best enrollment (54) in the school's history commenced the eight-week course in early January of 1967. A program of on-vessel training began in October aboard a longliner owned and operated by a Nova Scotia fisherman. Two groups of 12 trainees began eight-week courses in October and December and while it is still too early to assess the program, the results appear favourable. In August a program of seven-week courses in nets and gear was inaugurated at Lunenburg. This program was designed primarily for trawler deckhands and herring-seiner fishermen, and similar programs are tentatively scheduled for other fishing ports throughout the province in 1967.

The above program is also expected to be coordinated to the extent that after a trainee takes the on-vessel training it would then be possible for him to enter the Pictou school. It is hoped that this procedure will not only help in attracting newcomers to the industry, but will also allow continuation of the program of upgrading those already employed on fishing vessels.

Insofar as extension work is concerned, the Nova Scotia Department of Fisheries created a Resource Development Division and expanded the staff of the Fisheries Training Division. The development division was created in May and consists of a three-man permanent staff as well as seasonal and/or temporary staff. The staff have so far concentrated on experimental work in fishing for, and processing of, spider crab and pink shrimp, with favourable results to date, particularly for a crab industry.

The Department has been utilizing a Scottish seine net vessel under charter by the Industrial Development Service of the Canada Department of Fisheries. This vessel will be used to familiarize local fishermen in this fishing method. Also, the Department, in conjunction with the ARDA program, arranged for several Nova Scotia fishermen to visit Scotland and Norway to investigate gear and fishing techniques used in those countries.

With expansion of one herring reduction plant and construction of new reduction plants, the exploitation

of the herring resource was increased in 1966. This new processing capacity, coupled with purse seining techniques, and increasing numbers of new, converted and imported purse seine fishing vessels, will undoubtedly result in a higher total level of herring catch and utilization in 1967. The expansion of this fishery is an example of industry and government cooperation in the exploitation of an underutilized fish species.

During 1966, a research project sponsored by the Canada Department of Fisheries on mid-water and other trawls was initiated. This work is to be intensified in 1967 with the possibilities of technique demonstrations for fishermen being involved.

Other developments relating to the implementation of the sector committee's recommendations are recorded in the Fisheries Sector Committee Plan.

Forestry Sector

While it is still too soon to determine the growth pattern for the entire sector in 1966, early indications for the two major industry groups within the sector - sawmilling and pulp and paper - are that the growth trend of the mid-sixties continued.

On the basis of projecting the trend of the first nine months data, lumber production for the year should be in the order of 298 million board feet, which would be an increase of 59 million board feet or 25 per cent over 1965 (DBS data). Lumber shipments were also up for the first nine months over 1965. By the end of September, Nova Scotia lumber producers had shipped some 84 million board feet representing an increase of about six million board feet over 1965.

Although total lumber shipments were up, they declined slightly in relation to production (37 per cent of production shipped) compared to the first nine months of the previous year, and were considerably less for the same period, in both 1966 and 1965, compared to 1964 (in the latter year 57 per cent of production had been shipped at the end of the first nine months). In other words, it appears that inventory is accumulating, probably as a result of the general slowdown in housing construction and difficult economic conditions in Great Britain, the main market for Nova Scotia's lumber producers.

The actual employment and value added figures for the sawmilling industry exceeded by a considerable margin the estimates of the Forestry Sector Committee for the years 1963 and 1964. In 1964, for example, the sector committee estimated that employment would be 1,250 while value added would be about six million dollars. The actual levels achieved were 1,795 and 8,466,000 dollars. Considering this underestimate as well as the apparent inventory surplus, the industry should exceed the sector targets for 1966. The actual levels attained should be in the order of seven million dollars in value added and about 1,500 in the number employed. This would indicate that the target objective was low by about 12 per cent for value added, and 26 per cent for employment.

Pulpwood consumed in the making of pulp and products increased about six per cent in 1966 over 1965 to 474,000 cords, while average number employed during the last two years was declining each year. The average number employed by this industry group in 1964 was 1,688, declining to 1,530 in 1965, and with a further estimated decline to 1,520 in 1966.

In regard to the targets set for the pulp and products segment for 1966, it is reasonably safe to state that the value added objective of 22 million dollars should be close to the actual figure, while the employment should be less than the target by 20 per cent.

During the year construction continued on the new 500 ton per day chemical-type mill in the New Glasgow area with the expected start-up time now set for the spring of 1967. Once production starts at this mill, the industry employment target should be approximated by actual performance, or be more in line than it was in 1966.

The other major sector development, the hardboard mill in the Chester area, is also expected to come on stream sometime in mid 1967. This mill is designed to use 50,000 cords of low quality softwood and hardwood, which will create a much needed market for this wood.

At this time little or no statistical data are available for the "other wood using" industry group; but as the activity of the hardboard mill will have a strong impact on the targets for this group, it is expected that the levels given for 1968 will be achieved (1,000 in employment and 5.1 million dollars in value added), even though actual performance in 1966 is still undetermined.

In the implementation of the Sector Committee's recommendations it is significant to note that the new provincial forest inventory is proceeding close to schedule. According to officials of the Nova Scotia Department of Lands and Forests, the report on the Pictou-Antigonish-Guysborough Sub-Division should be available by the end of March, 1967. Because of the staggered nature of the inventory program, the second

report covering the Sub-Division of Queens-Lunenburg should be available by the end of 1967. Aerial photography of the Halifax-Hants Sub-Division was completed in 1966, and the Cumberland-Colchester Sub-Division is to be photographed during this year.

Certain sections of the Forest Improvement Act were proclaimed during 1966 covering registration of cutters and buyers, the formation of forest practice boards, and authorization for the Minister of Lands and Forests to make regulations. These regulations pertain to the records buyers and sellers of wood products must maintain, cutting along highways, the penalties involved in failure to comply with the Act, the right to appeal, the establishment of the Timber Loan Board, and the repeal of the Small Tree Conservation Act.

To date only one forest practice board has been formed (The Colchester County Forest Practice Board), but four are in the planning stage for 1967. The Department also arranged to have certain members of the Colchester Board, several lumbermen and Department officials tour Scotland and Sweden during the past summer to get a first-hand view of forest practices in those countries.

Other significant developments during the past year have been an expanded stand improvement program carried on by the Department, whereby nine thousand acres of Crown Land were given such silvicultural treatments as thinning, clearing (both on the ground and by the use of aerial sprayed herbicides), and fertilization. The forest tree nursery program was expanded with the acquisition of more acreage for the Lawrencetown nursery and the creation of a new nursery on a Margaree River site. Total production of seedlings rose to more than one million in 1966, and future plans call for several more millions per year to be produced. Also, during the year a new aircraft and forest fire equipment depot were added to the provincial fire protection service. As a direct result of these and other increased expenditures for fire protection and suppression, actual losses were kept to a minimum even though some 800 forest fires occurred during the year.

In the late summer of 1966 the Extension Division

of St. Francis Xavier University was commissioned by the Agricultural Rehabilitation and Development Agency (ARDA) and the Nova Scotia Department of Lands and Forests to carry out a survey of small woodlot owners in three pilot areas (Antigonish-Inverness Counties, Lunenburg-Queens Counties, and the Musquodoboit area). The purpose of the survey that has now been underway for some months, among other things, is to determine the forest condition and the income derived from these ownerships, and whether these owners would consider joining together within a woodlot association.

In connection with the wildlife recommendations, the 6,000 acre Missaquash marsh purchased in 1965 was flooded early in 1966 for waterfowl and recreational use even though there is an access problem. As a result, waterfowl production was observed to be more than double that of the previous year in that area.

In the fall of 1966, the second open moose season was held. A lottery system was utilized to allocate 800 licenses to Nova Scotia residents. The hunters bagged 361 moose which approximated the same ratio of hunter success as in the 1964 season. (.45 moose per hunter).

Mining Sector

Within the mining sector in 1966 uncertainties facing the coal segment continued to be the area of major concern. Late in the year the Federal Government issued a statement of policy which it felt would largely relieve these uncertainties and clear the way for a rational approach to the basic economic problem facing Cape Breton. A subsequent section of this report briefly reviews events leading up to this statement and relates its main points to the objectives of the Board.

Regarding performance levels of the mineral industry in Nova Scotia for 1966, very little data are as yet available and no reliable comparisons can be made with the sector targets for that year.

In general, coal production fell by about five and one-half per cent to 3.9 million tons. Gypsum production is also expected to be down as a direct result of reduced residential construction in Canada and the United States. Dolomite production is likely to fall below values for 1965 in response to the fall off of steel production during the latter part of 1966.

Offsetting these negative factors preliminary estimates indicate that salt production continued to break past records. Similarly, barite, base-metal concentrates and silica production values are expected to be above those for 1965. Limestone for Nova Scotia's new cement industry made its first significant contribution to the sector's total value of production in 1966. In balance, the mining sector is expected to show an appreciable gain in gross value of production for the year, although physical output is likely to be down.

Mineral exploration activity in Nova Scotia continued at record levels. While no developments of major significance have been reported, results have been sufficiently encouraging to warrant continued optimism and activity on the part of both government agencies and private enterprise.

Progress has been made toward implementation of a number of the Mining Sector Committee recommendations

contained in the FIRST PLAN.

In general those recommendations which the Nova Scotia Department of Mines could initiate without reference to other jurisdictions have been undertaken to the extent that staff and budget limitations would permit. Recommendations relating to the coal mining industry may now be redundant. The policy statement on this matter issued by the Federal Government in the closing days of 1966 appears to have incorporated the bulk of these recommendations. Plans are going ahead by the province for the establishment of a department to train mining technicians in the Cape Breton Technological Institute. In addition, plans are being made for the establishment of an Adult Vocational Training Centre, with all the necessary facilities and buildings, in Cape Breton. Mapping work on Cape Breton's submarine coal fields has been partially completed and will be extended to include the additional areas required. Nova Scotia's industrial mineral inventory is in the process of compilation. Currently attention is being focused on clays, potash, limestone, dolomite and peat moss. In addition, private industry is conducting studies which may result in increased utilization of Nova Scotia's extensive peat moss resource.

Secondary Manufacturing Sector

The review of significant developments in the secondary manufacturing sector in 1966 is difficult as preliminary DBS material is not published in a way that "secondary manufacturing" can be distinguished from "all manufacturing". In some instances it was possible to make rough calculations for secondary manufacturing, but for the bulk of the information, where such a calculation was not possible, it should be kept in mind that all manufacturing includes certain industries discussed in the review of other commodity producing sectors.

Selling value of factory shipments for all of the province's manufacturing industries during the first 10 months of last year was 5.8 per cent higher than that for the same period in 1965. Projecting the same trend for the remaining two months of the year, total selling value of factory shipments should be in the order of 576 million dollars.

Employment in all manufacturing for the first nine months of 1966 was up 2.2 per cent over that of the same period in 1965, but the growth rate was somewhat less than that achieved in the first nine months of 1965 (6.2 per cent). Part of the reason for this slowdown can be explained by the "lay-offs" at DOWCO's Sydney Works and at Enamel and Heating's Steel Division in Amherst. Some 900 jobs were lost at these two plants though some, at least, are expected to be regained in 1967.

Projecting the trend of these nine-month data for all manufacturing, total employment should be in the order of 33.2 thousand in 1966, compared to 32.5 thousand the year before. In outlining the employment target for the first planning period, the Board stated that all manufacturing should supply about 1,600 jobs per year to help reach their objective of 3,400 jobs per year for the provincial economy as a whole. During the first half of the planning period all manufacturing increased from 30.7 thousand jobs in 1964 to an estimated 33.2 thousand in 1966. The average annual increase then is approximately 1,250, 350 jobs below the objective.

The Board went on further to state that of these

1,600 new jobs which should be created annually, 1,300 should be in secondary manufacturing. While specific data are lacking for secondary manufacturing as such, employment can be approximated for this group in two ways; the first by utilizing the historical relationship between secondary and all manufacturing employment, and the second from employment estimates for the announced new plants in the province. There are short comings in both procedures.

Separating secondary manufacturing employment from all manufacturing employment for the years 1962 to 1964, inclusive, the ratio of the former to the latter remains quite constant at about 68 per cent. Applying this ratio to the known 1965 total and the estimated 1966 total, it can be determined that secondary manufacturing employment would approximate 22.0 thousand and 22.5 thousand for these two respective years compared to the 20.8 thousand employed in 1964. The average increase in employment for the first two years of the planning period probably amounts to about 850 per year.

By the method of adding up employment in new and expanding plant, secondary manufacturing accounted for an increase of between 900 and 950 jobs last year.

Comparing the two measures with the Board's objective of 1,300 new jobs annually, it is apparent that it is short of that target by some 400 jobs or approximately 30 per cent.

Wages and salaries, both total and average per worker, for all manufacturing in the province have been increasing. For instance, total wages and salaries increased from 116 million dollars in 1964 to 127 million dollars in 1965, and based on eight-months data for 1966, should be in the order of 136 million dollars. Average income per employee per year likewise increased from about 3,780 dollars to 3,910 dollars, and should approximate 4,100 dollars in 1966. Some of this gain is explained by an increase in average hourly earnings while average number of hours worked declined, particularly between 1964 and 1965. Using the first eight-month's data for 1964, the hourly earnings are increasing at a rate greater than for the same period in 1965, but number of hours worked is also

increasing, approximating the 1964 level.

Capital expenditures in 1966 in all manufacturing plants, according to intentions were expected to be slightly more than 102 million dollars, a 63 per cent increase over 1965, which in itself was a record year, having increased 56 per cent over 1964.

During the last year five new secondary manufacturing firms are recorded as having started production in the province and expansions were completed at 12 existing industries. As previously stated, new jobs created during the year, as a result of this activity, probably amount to between 900 and 950.

Also during last year at least six new secondary manufacturing plants were under construction and are scheduled to come into production in 1967. This should provide employment for about 500 additional workers. At the same time, six other plants were expanding their facilities.

The major new plant announcement during last year was the Canadian General Electric heavy water plant to be built in the Strait of Canso area at an estimated cost of 65 million dollars. Upon completion, this plant is expected to employ some 200 people, or about the same number as Deuterium of Canada Limited's heavy water plant at Glace Bay. This latter plant was purchased by the Government of Nova Scotia during 1966, and total investment has been increased to 75 million dollars with the doubling of plant capacity based on a firm order from Atomic Energy of Canada Limited. It is expected to come into production during the spring of 1967.

A major change is the proposed Crown Corporation to manage DOSCO coal mining interests and to simultaneously promote and finance the development of industry on the Island of Cape Breton. Initially the funds available for this industrial development will be 20 million dollars of Federal and 10 million dollars of Provincial funds. Savings on coal subsidies will later be diverted to the Crown Corporation to further assist this essential redevelopment of Cape Breton.

Nova Scotia's position in the automotive assembly

industry was also strengthened in 1966 with Volvo's decision to relocate its plant in Halifax and the announcement by Canadian Motor Industries that it was proceeding with the construction of its plant at Point Edward.

The Board in the FIRST PLAN put forward several policies which it thought necessary to realize the goal of accelerated growth in secondary manufacturing in the province. The main concept behind these policies was that increased concentration of industrial activity should be encouraged. In this latter connection, apart from the Board's concept of industrial development centers, certain natural centers seem to be forming. Considering the location of new industry within the province, aside from the Halifax-Dartmouth area, natural centers such as the Strait of Canso and Sydney-Glace Bay and New Glasgow are being established. Independent selection by industry therefore appears complementary to the Board's concept.

The Board suggested that efforts be made to change the policy of the Area Development Agency to include the Halifax-Dartmouth area in the program. It went on further to stipulate that until such a change could be effected, the Atlantic Development Board should be requested to make funds available for this purpose. Several delegations made appeals to the Federal Minister responsible for the area development program during last year without any success. Also, an appeal was made to the Atlantic Development Board (ADB) to create a fund or failing this to consider making capital grants available to industry desiring to locate in the Halifax-Dartmouth area. The ADB responded by suggesting that it would consider such appeals upon application. To date it is believed that this position is still maintained by the ADB even though it has yet to be adequately tested by any industry.

The Board suggested that an industrial park be established in the Sydney-Glace Bay area, and in 1966 the ADB announced grants of more than three million dollars for the establishment of such parks at Point Edward, Stellarton, Amherst, Truro and in Halifax County.

Another policy which the Board suggested for attracting secondary manufacturing industry to the development centers is by the use of the "advance factory" technique. Such a factory became available when Clairtone moved into

its permanent quarters last year, and it is encouraging to note that within the year a new firm, North Eastern Equipment Group Ltd., moved into this plant.

The Board was concerned about environmental improvements in these centers and suggested a much closer liaison between economic and community planning groups. It is indeed encouraging to know that the Community Planning Branch of the Department of Municipal Affairs has accepted its responsibility and has already initiated certain research projects to determine the needs in these centers. A further report on their activities is given in Chapter 4 of this Review.

The Board recommended that a special economic research unit be created in the government service to give attention to what types of secondary manufacturing industry might be attracted to the province and particularly to the industrial development centers. The results of such investigation could then be turned over to Industrial Estates Limited (IEL) to help that agency and other development agencies in the province become even more effective. The establishment of the economic research unit was authorized by Order-In-Council during the summer of 1966. This unit has been placed in the Voluntary Economic Planning Division as a separate section.

To promote increased industrial development in the province, the Board recommended that the professional staff of IEL be increased. During 1966, the Board of Directors of IEL authorized an accelerated promotional program in line with this recommendation. To date four new staff members have been added by that agency.

The Department of Trade and Industry has expanded to take care of the growing demand arising out of increasing activity in manufacturing. Staff has been added in all areas of work, to the Economics and Development Division, in engineering and in the administrative phases of the loan program; and an Administrative Assistant to the Deputy Minister has been appointed.

The Economics and Development Division has been re-organized and now comprises three groups:

The Economic Services section is responsible for

publications and general information on the economy; for the provision of statistics, for research and analysis undertaken in support of industrial development, tourism, and for the formulation of policy.

The Industry Services section investigates specific production and marketing opportunities for established firms and prospective industrial developments; this group is responsible for a systematic search for opportunities for new development and diversification.

The Area Services section has industrial development officers resident in the five economic regions of the province who bring the facilities of the Department to individual manufacturing firms and provide liaison and advisory services to local groups in industrial and related community work.

A Small Business Management Advisory service has been added, with particular attention to be given to financial analysis and planning for small business generally, and to support the work of the industrial development officers with individual manufacturing firms.

The regulations under the Industrial Loan Act which is administered by the Department of Trade and Industry were liberalized during the year to meet today's requirements.

Construction Sector

The Construction Sector Plan was not issued in 1966 as originally planned. It was felt that the type of information the industry requires to define its basic problems, and which could contribute to their solution, was still not available. Considerably more time and concentrated effort will be required before any meaningful analysis can be completed.

The construction industry, as a result of high levels of investment, expanded rapidly in 1965. The value of construction increased by 18.4 per cent over the previous year, to 255.5 million dollars, with employment growing by approximately 12 per cent. Building construction was up 12.1 per cent over 1964 with significant gains being recorded in institutional (52.9 per cent) and industrial (17.0 per cent) construction. The former group reflects the emphasis being placed on the expansion of educational and health service facilities throughout the province. Expanded highway construction programs (up by 46.3 per cent) and power generation and distribution facilities (up by 127 per cent) resulted in the total value of engineering construction increasing by 28.5 per cent during 1965.

While final figures are not available for 1966 it is not expected that the rapid growth of 1965 was maintained. Based on the construction planned for 1966 total value was expected to increase by 11.9 per cent with an employment increase of seven per cent. The growth of building construction, again led by industrial (37.2 per cent) and institutional (34.6 per cent) construction, was expected to be higher than the previous year recording a gain of 15.9 per cent. While engineering construction was expected to show a more moderate increase of 6.4 per cent as a result of a decline in the rate of growth of highway and electric power construction activities.

The dollar value of work performed by the industry has risen, as the result of inflationary pressures, more than the actual physical volume of work. Wage rates rose substantially during the period. Average hourly earnings increased by 6.8 per cent in 1965 and 7.4 per cent in 1966

while the cost of building materials rose 5.1 per cent and 2.3 per cent respectively.

Tight money policies, particularly as they have affected residential housing, have largely been responsible for the slowdown in the sector's growth. The value of building permits issued for all types of building construction declined in 1966 by 13.6 per cent. While the value of residential construction increased by 8.1 per cent in 1965 the increase expected in 1966 was only 4.0 per cent. While the number of new dwellings completed in 1966 increased by 13.4 per cent the number started declined by 26.7 per cent. Recent announcements by the federal government indicate that efforts to ease credit restrictions on housing will soon be undertaken to stimulate this segment of the industry. However, such efforts are unlikely to be felt beyond mid 1967.

Concerning significant developments towards implementing recommendations of the construction sector in 1966, the Department of Highways reports that it is having some success in programming heavy construction over more extended periods. It has adopted a policy of owing only such heavy road-building equipment as it can fully utilize throughout the year. The additional equipment necessary for periods of peak activity is rented from private owners.

In 1966 a study of "Manpower Requirements in the Construction Industry", done under the auspices of the Economics and Research Division of the Nova Scotia Department of Labour, was published. This study should prove very useful to the construction industry. It outlines future levels of supply in construction manpower in various occupations and compares them with projections of future needs to 1975. It will also help educators to shape their programs so as to provide the skills that will be needed.

Finally, the terms of reference of the Nova Scotia Housing Commission have been broadened to permit it to perform the functions of a housing co-ordinator as recommended by the Construction Sector Committee.

Power Sector

Nine-month's net electric power generation figures for Nova Scotia were 2,379,761 thousand kilowatt hours, up 12.4 per cent over the same period in 1965; and, for the same period, 1965 net generation was 11.1 per cent over that for 1964. On an annual basis, net generation was 2,402,625 thousand kilowatt hours in 1964, increasing to 2,605,238 thousand kilowatt hours in 1965 and, projecting the trend, to some 3,173,000 thousand kilowatt hours in 1966.

The Power Sector Committee in 1964 predicted that the energy requirements of the province would increase at a rate of six per cent per annum and, in 1966, would be at the level of 2,370,000 thousand kilowatt hours. If final statistics for the year bear out the projection, then the committee's prediction will be exceeded by some 803,000 thousand kilowatt hours or 34 per cent.

Employment in electric power generation is relatively stable and should be at about the same level of 1,700 that was achieved in 1965 when the new thermal plant at Tuft's Cove, Halifax County, came on line.

There have been several significant developments during 1966. The Nova Scotia Power Commission announced that a 150 megawatt coal-fired station, with a capital investment of 25 million dollars, will be constructed at Trenton for service beginning in 1969. The Power Commission also started the construction of another 17 million dollar thermal plant in the Strait of Canso area to supply steam to the province's second heavy water plant to be constructed in the same area. This second plant, in addition to supplying steam, will also supply some 50 megawatts of electric energy to the interprovincial grid system.

The Power Commission during 1966 purchased control of Seaboard Power Corporation and Eastern Light and Power Company Limited. The electric power generation of these companies was linked to the interprovincial grid system with the building of a two million dollar, high voltage transmission line. Also, both the Power Commission and the Nova Scotia Light and Power Company

had completed or were in the process of constructing high voltage extensions to supply new industry in the province.

Hydro peaking plants at Weymouth Falls and at Lequille, near Annapolis Royal, were under construction during 1966 in an attempt to fully utilize known economic hydro sties in the province.

During 1966 an Atlantic Tidal Power Programing Board was organized to select Bay of Fundy tidal sites meriting detailed investigation. Nova Scotia is sharing the cost of this investigation with New Brunswick and the Federal Government.

Transportation and Communication Sector

Transportation and particularly waterborne transportation is undergoing a period of very rapid change. While for many years the shipping industry has been relatively static, technological improvements are now being introduced very rapidly. In many cases bulk commodity ships are leading the way, both in size of hulls and by incorporating more efficient techniques for cargo handling and stowage. Crew requirements and port turn-around times have been substantially reduced and cruising speeds have been increased. This trend is beginning to spread to general cargo ships, as improved materials-handling equipment and methods come into more widespread use. Economies arising from these developments are likely to curtail, and in some cases reduce, ocean transportation costs.

At the present time, oil tankers up to 300,000 tons dead weight are in operation and similar ships up to 500,000 tons are in design stages.

Use of giant ships is particularly significant for Nova Scotia. This province has two of the very few ports on the eastern seaboard of North America capable of sheltering and docking vessels of such size. Halifax, with its existing port facilities and services has an excellent base for the additional developments required to handle these new ships.

Halifax is so located that it could become a key trans-shipping port for large volumes of goods moving between overseas countries and the heavily industrialized north-central region of North America. This will depend on the extent to which inland rail transport can be made competitive with seaway traffic. Recent developments in integral train concepts show promise of making this possible.

As currently visualized, integral trains will specialize in bulk cargoes or containerized general cargoes and realize substantial economies through intensive utilization of highly specialized rolling stock. Self propelled units will be permanently connected into five to six mile long trains which will operate between a very limited number of specialized terminals.

The Province of Nova Scotia, the City of Halifax and the Port of Halifax Commission have initiated a study to determine the feasibility of the integral train concept. If the study is favourable and the necessary port and rail transport developments follow, substantial benefits may be expected to accrue, first to Halifax and later to surrounding areas of the province.

Economies of scale associated with integral trains and high capacity ships should serve to reduce costs of transporting goods both to world markets and to the high density central Canadian market. This in turn would help to establish Nova Scotia as a favourable if not preferred location for certain secondary manufacturing industries.

In the more immediate future, the outlook for reductions in rail transportation costs between Nova Scotia and central Canada is somewhat clouded. Bill C-231 currently before Parliament is designed to develop a national transportation policy. This bill will free the railroads to set rates, with the provision that they must be "compensatory", but within the following limitations:

1. any given rate cannot be less than the variable cost; or
2. exceed the variable cost plus 150 per cent.

The fear has been expressed that it will be difficult if not impossible to challenge the railroads' calculation of these "compensatory" rates. There will be a strong temptation to charge what the traffic will bear, particularly in captive market areas such as the Maritime Provinces where alternative forms of transportation are less able to compete with the railroads.

It is hoped that the two years of grace extended to the Atlantic Provinces, before the provisions of Bill C-231 become effective, has been granted not to simply give these provinces time to adjust to a new rate structure but to allow time for development of a new Maritime transportation policy in accordance with the conclusions of the Atlantic Provinces Transportation Study which is nearing completion.

During 1966 a number of important developments occurred in regard to the recommendations made in the

TRANSPORTATION AND COMMUNICATION SECTOR PLAN. The most important concerns the construction of all-weather highways. It is expressed government policy to construct future Trans-Canada highways to all-weather standards and to bring existing sections of the highway constructed prior to the adoption of the all-weather standard up to this same level. It is also government policy to construct future trunk highways, such as those partially financed by A.D.B., to all-weather standards.

A new regulation under the Motor Vehicle Act provides for a tolerance of five per cent gross weight and 10 per cent axle weight for vehicles hauling pulpwood or logs designated for conversion to pulpwood. In the past strictly enforced regulations handicapped truckers of forest products because of the difficulty in estimating load weights with any degree of accuracy. Allowable weights during the spring thaw have been extended by 2,000 pounds on dual wheeled single axle trucks and by 1,500 pounds on each axle of tandem axle trucks which will increase the pay load by one and one half tons respectively. New regulations have been introduced which will effectively tax out-of-province diesel trucks and buses in proportion to the number of miles travelled on provincial highways. Also, it is now possible for a Nova Scotia registered tractor to haul an out-of-province trailer as a result of recently introduced mixed registration with all provinces and states with which Nova Scotia has reciprocal agreements.

The keynote in the communications industry has been rapid technological innovation. During 1966 the Maritime Telegraph and Telephone Company commenced a 100 million dollar program of expansion and modernization to be undertaken over a five year period. Progress toward a universal dial system within the province has been accelerated and direct distance dialing is scheduled to be introduced to the Halifax-Dartmouth area on March 19, 1967. Plans for touch-tone dialing are in the advanced stages with a tentative date for its introduction in Nova Scotia set for late 1967.

Increasing outlays of capital are being made to extend the use of 'centrex' telephone dialing. This will be a significant improvement for organizations with a large number of locals in that direct in-dialing

will be possible, thus eliminating intermediate switch boards. Also, the use of "TWX", which makes possible instantaneous transmission of the type-written word between any two points on the continent with the required equipment, has expanded considerably over the past year.

Services Sector

The service sector is limited in this Review to defence and health. At the time of the preparation of the FIRST PLAN there was no sector committee organized and therefore no contribution in the form of recommendations to the Board. The Board has, however, had a preliminary analysis of the sector done and has published that work, and is continuing its investigation into a more detailed appraisal for the Second Plan.

Defence

The FIRST PLAN emphasized the important contribution of defence to the economy of Nova Scotia, both in terms of the direct effects of employment by the Department of National Defence and the indirect effects of the expenditure generated from such employment. Any change in the structure of defence could have a marked effect on the provincial economy. During the period 1951 to 1961 the increase in the size of the defence forces was equivalent to three-quarters of the increase in employment in the province. Although defence employment (14,500 servicemen and 7,000 civilians as of September, 1966) is now approximately equivalent to eight per cent of the provincial labour force, in certain areas defence employment plays a major role in the local economy.

The PLAN was written with the knowledge that certain changes in defence were contemplated by the Federal Government which would lead to some reduction in the defence forces in Canada as a whole and also probably in Nova Scotia. Since the publication little has happened to indicate what precise changes will be taking place in terms of personnel and expenditure within the province.

The majority of service personnel in Nova Scotia are concentrated in the Halifax-Dartmouth area (approximately 11,500 servicemen and 5,000 civilians). As Halifax is to be the headquarters of Maritime Command, that is headquarters of the Atlantic naval and air forces, there is little chance of any significant change in the size of defence employment in the area, except it is possible that the present army personnel may disappear (668 servicemen as of December, 1966). The main cloud on the horizon is the possibility that the role of the maritime forces in anti-submarine warfare will be replaced by anti-ballistic missile systems stationed elsewhere in Canada as the main deterrent to missile launching submarines. As the defence staff in Halifax makes up approximately one-fifth of the labour force of the metropolitan area, such a development could be serious for the local economy. Defence also contributes to the economy of the area through the expenditures it makes in the area for maintenance, provisions and other required services (approximately 15 million dollars a

year). In total the annual bill for pay and allowances to both servicemen and civilians was over 72 million dollars as of December, 1966.

Considerable doubt remains about the future of the two other major defence bases in the province at Greenwood and Cornwallis situated in Kings and Annapolis Counties, respectively. At the time of writing the Minister of National Defence had not announced any decision as to the future of the two bases. The air force base at Greenwood has approximately 1,900 permanent servicemen and 470 civilian employees (approximately a seventh of the labour force of Kings County). In view of its size and its convenience to Maritime Command at Halifax the probability of the air base staying at Greenwood remains strong. If the base is closed, it would clearly have a considerable effect on the local economy, particularly in the Middleton to Berwick area.

The future of Cornwallis is less secure and although the base is smaller in size (370 permanent servicemen and 380 civilian employees) its effect on the local economy, the Digby to Annapolis area, is considerable, although the personnel at the base equals approximately eight per cent of the labour force of Annapolis County. Whatever the decision regarding the base, there will be no change before late 1968.

One category of defence spending which is likely to rise is the purchase of military equipment. Although over 90 per cent of these contracts go to Central Canada, a number of Nova Scotia companies like Fairey Aviation, EMI Cossor and Enamel and Heating are involved in the manufacture of military equipment. Defence contracts were responsible for the growth of electrical and electronic manufacturing in the province - the major secondary manufacturing industry to come to the province between 1947 and 1964. In all, about 3,000 to 4,000 people are involved in the manufacture or repair of defence equipment. They will benefit from the planned expansion of equipment development and acquisition programs by the Department of National Defence and Defence Production.

Since the inception of the integration policy in

1964 the size of the defence forces has fallen from 120,000 to under 105,000 (September 1966). This has been reflected in a decline of 2,000 in the size of the defence forces in the province. Nationally the figure is believed to be 9,000 fewer than that desired by the Government. It is unlikely, then, that there will be any deliberate attempt by the Federal Government to cut down defence forces in the province as a whole in the immediate future.

Health

Developments in the structure of the health services are overshadowed by the advent of the Medical Care Act which is scheduled to come into operation in July, 1968. This Act is designed to cover all services rendered by medical practitioners. Other ancillary services such as dentistry, drugs, osteopathy, etc. may be included in the scheme at the option of the provincial governments.

The introduction of the Medical Care scheme is clearly going to be expensive for both Provincial and Federal Governments. Administration costs will be borne entirely by the provincial governments. The Federal Government will pay a sum equal to half the average per capita cost of all provinces (excluding administration costs) multiplied by the population of the province. The medical care cost per capita for Nova Scotia will be probably below average. So the share cost of the scheme in Nova Scotia to the Federal Government may be over 50 per cent while the remainder will be the responsibility of the Provincial Government.

In order to calculate the cost of medical care the Federal Government had made use of the experience of "Medicare" in Saskatchewan. On this basis an estimate of cost per capita for Canada as a whole, according to the Federal Government, would be \$28.00 and for Nova Scotia \$26.67. It is now believed that the Federal Government is dissatisfied with this estimate and has revised the federal per capita figure to about \$34.00 for 1968.

The Provincial Government has been working on the basis of the provincial report of the Medical Insurance Advisory Committee (reported February, 1966). This Committee used the experience of Maritime Medical Care as a basis to determine the cost of the medical care program to the province. The comprehensive policy of Maritime Medical Care is similar in many respects to the federal plan although it has not been used generally to cover those over 65 years of age, or individuals with a bad medical history. The Committee estimated that in 1964 the average cost per participant in Maritime Medical Care was \$25.80. It estimates that cost for medical

care for each individual over 65 would be two and one-half times that amount. The Committee came to the conclusion that had the medical care program been introduced in 1964, it would have cost \$28.70 per person and, projected to 1967, \$33.70 per person.

The intention of the Federal Government was to introduce the plan in 1966, but it has now been postponed until 1968. Following on from the advisory committee's estimates, the cost in 1968 would probably be in the region of 35 dollars per capita or a total of approximately 27 million dollars for the province. Of this amount about 14 million dollars would be contributed by the Federal Government. There are a number of factors that will influence the cost of the Medical Care program but that cannot be accounted for with any accuracy at this stage. Free medical care will encourage people to make more use of medical services than they heretofore have done. Another unknown factor is the rate the doctors will be paid under the program (under Maritime Medical Care payments are made at the rate of 85 per cent of schedule fees). Also, no one can assume that medical costs will remain static. Between 1954 and 1963 the total health bill of Canada increased almost two and one-half times, the average annual increase being 10.6 per cent. If these factors are taken into account the figure of 27 million dollars may seem a conservative one.

Regardless of the introduction of the medical care program, there will be a need to increase medical facilities in the province. The Royal Commission on Health Services (Hall Report, 1964) suggested certain targets as desirable. For example, it stated that a ratio of one physician to about 850 people was a desirable ratio for the country as a whole. In Nova Scotia, however, the ratio has been calculated to be about one to 1,010 people in 1966, based on the number of physicians practicing. The ratio is particularly high in areas outside the Halifax County area. Despite an increase in the number of physicians being trained, the Provincial Government may have to provide incentives to attract doctors to these areas.

The province is also behind the desirable ratio established in the Hall Commission Report of 10.8

hospital beds per 1,000 population. Although there has been an increase of about 600 beds since 1961, the ratio of beds to population is still about 5.8 per 1,000.

Tourism Sector

The Tourism Sector Committee Plan was not completed in 1966 as intended. In the past very little data have been available with which to make either an analysis of the industry in its present state or to accurately project its future potential. Certain basic information is essential before any evaluations can be made.

It is anticipated that much of the necessary information will become available in 1967. Several important studies, which are mentioned in detail later in this review, are now nearing completion and are expected to be available in the near future. In view of this it was decided to delay publication of a sector plan.

Unofficial estimates place the number of tourists entering the province in 1966 in the neighbourhood of one million. If this is confirmed, it will represent an increase of about 10 per cent over 1965 when 902,000 tourists were recorded. Up to the present time the value of the industry to the province has not been established as precisely as is desirable. It is anticipated that the forthcoming studies will be successful in producing more accurate information than has been available.

The scale of values in use up to the present time would place the gross value of the industry from out-of-province visitors alone in the 50 million dollar range. This would rank tourism among the major contributors to the provincial economy. However, preliminary statements based on findings of a recent tourism study in Prince Edward Island suggest that past methods in general use for evaluating the tourist industry have been yielding values that have been much too high. It may be found that the same is true for Nova Scotia.

However, it may be quite safe to assume that the industry makes a very significant contribution to the provincial economy in its present state of development and that it possesses an excellent potential for much greater development.

The demands for outdoor recreational facilities

and vacationing areas are rising at a very high rate. Nova Scotia is very favorably located and has the necessary natural environment to cater to these demands. It has been reported that the Department of Northern Affairs is considering the development of a third national park for Nova Scotia's Atlantic coast.

In recognition of this, the Department of Trade and Industry for Nova Scotia is in the process of expanding its tourism services and formulating policies for the increased development of the industry's full potential.

This same department is working in close co-operation with the Federal Department of Industry which is also aware of the benefits to be derived from a thriving tourist industry. Federal policies are being developed under which assistance for the establishment of new tourist facilities may be extended under the Designated Area program.

A brief summary of the recommendations of the tourist sector which either will be or are being implemented by the Nova Scotia Department of Trade and Industry follows.

In the field of data compilation and research the department has been revising and upgrading its tourist count procedures and has extended the time over which the count is carried out. To provide greater insights into tourist preferences, spending habits, etc., exit-interview studies were conducted from June 15 to September 15. A report on these studies is now being prepared.

An extensive study of "Accommodations Facilities Development" has been commissioned to provide guide lines for further upgrading and expansion of the industry. This study is nearing completion.

A survey of beaches is being carried out under the sponsorship of the ARDA program. A comprehensive investigation of the tourist industry in all the Atlantic Provinces is underway under the sponsorship of the Atlantic Development Board. Both the Department of Trade and Industry and the Department of Lands and

Forests for Nova Scotia have participated in drafting the terms of reference and are members of the supervisory committee directing the research. Completion is expected late in 1967.

Increased emphasis is being placed on training managers and staff in new methods of hotel and food service operation within the limitations of available staff and facilities. Waitress training courses have been introduced at the Institute of Technology in Halifax.

A study by the Nova Scotia Department of Labour regarding the need for apprenticeship training for cooks is in progress.

Continued research and promotion is being given to salt water sport fishing. The Nova Scotia Travel Bureau is promoting the idea of flying to Nova Scotia and exploring it by rented car. Regulations are now in effect under which up to 75 per cent of the cost of improving accommodation and food service establishments may be borrowed under the Industrial Loan Act.

In addition to these, many of the remaining government oriented sector recommendations are under active consideration by the departments concerned.

PART III - CHAPTER 4

SPECIAL TOPICS

This chapter includes three of the topics which have been selected as particularly important to the economic growth of Nova Scotia.

Education, while part of the services sector, was considered at the time of initially organizing the planning program to be sufficiently important to necessitate the establishment of an advisory council. The following discussion on education is based on the Council's report for the year. It includes the significant developments in education during 1966, a report on the status of recommendations contained in the FIRST PLAN and a discussion of various aspects of education which require further attention by the Council.

The concentration of economic activities is a topic which does not fall within the field of any one specific sector. Therefore a report on the work which has been carried out since the publication of the FIRST PLAN is outlined in this chapter.

While coal mining is part of the mining sector, the significance to the economy of its problems, and action taken to deal with them, warranted a more detailed discussion than was possible earlier in the Review.

EDUCATION

Since publication of the FIRST PLAN a number of developments have taken place at all levels of education in the province. In particular, expansion is taking place in vocational and technical education. Seven new regional vocational schools are in various stages of planning and these are expected to be in operation by the autumn of 1968. By the spring of 1968 a second institute of technology in the province will be completed at Sydney. Tentative plans are being made to construct and operate three adult vocational training centres.

In addition to the completion of the Sydney Institute of Technology the government plans to double the size of the Nova Scotia Institute of Technology in Halifax. Despite these improvements indications are that Nova Scotia will not achieve the target of 1,200 students in industrial technician programs that was established in the FIRST PLAN.

Proposals have been made by the federal government for the financing of vocational and technical education. These will have both a favourable and unfavourable influence on the expansion of this type of education. All current technician courses will continue to receive 50 per cent of their operating costs in one form or another from the federal government. Also, claims can be made for part of the cost of certain post-Grade XI courses which normally would not have been considered to be post-secondary courses. On the other hand the province will not be receiving grants that were expected to be paid for trades courses at the high school level - courses that do not require an academic pass in Grade XI for entrance.

Federal government financing will be on a different basis after March 31, 1967. The intention is to make equitable transition arrangements, with the federal government ultimately contributing to the province 50 per cent of all operating expenses for post-secondary education. This will enable the province to eliminate previous pro-vocational education bias, arising from the particularization of federal contributions.

The PLAN recommended that staff increases should

be made in the Vocational Education Division of the Department of Education. The division increased its staff by 20 in 1966. This increase will be needed to deal with the expansion in the province of technical training.

A biological technicians course is to be added to the program of the Nova Scotia Institute of Technology as recommended in the FIRST PLAN. It will, in part, be related to the need for training personnel for the food-processing industry. A course in post-high school chemistry, which was strongly recommended in the FIRST PLAN, for the Nova Scotia Institute of Technology has not been introduced due to lack of facilities. Such a course will be provided when the Institute is expanded. Similar provisions are being made in Sydney. A program for mining technicians is to be introduced in Sydney, as was recommended in the FIRST PLAN.

It is also recommended in the PLAN that the Grade XI entrance to the two-year, post-high school program at the technical institute be maintained. There has been no change in this entrance standard.

The Board advocated some form of maintenance allowance for students at vocational schools and technical schools. Financial incentives, and travel and boarding allowances have been established and an eligibility procedure is now being organized.

While an encouraging start has been made on increasing the facilities for vocational and technical education, it is evident that this phase of education is still a critical one in developing the provincial economy. It is also clear that additional facilities must be geared to the future needs of the economy to ensure that the youth of the province will have local opportunities for employment. It must be realized that persons who are highly trained and skilled become increasingly mobile, and will move away to other parts of the country unless local opportunities exist.

A recent improvement has been made in the guidance program being offered to secondary school students. It is still evident that a shortage of guidance teachers exists. In many cases students are unaware of the

advantage of continuing their education beyond the Grade XI level, either at universities or at the new institutes of technology. Some high school students have a feeling that there is a stigma attached to going to these institutes. It should be pointed out to these students that the successful completion of a program at an institute of technology could well provide them with a better personal income than an ordinary pass degree in liberal arts from a university.

At the high school level, effort must be made to make graduation from Grade XII viable as an entrance requirement into a more advanced freshman year at the universities. However, it is clear that if this is to be brought about there must be a significant increase in the standard of mathematics and sciences taught at the Grade XII level in most of the provincial high schools. Every encouragement should be given to the Department of Education to upgrade the mathematics and science courses and to the school boards to acquire and retain teachers who are capable of offering more advanced work in these subjects. At the same time, universities should be urged to adjust their freshman and sophomore courses in all disciplines so that students who have acquired a Grade XII standard will have a real advantage in their time spent at university compared with students entering with a Grade XI standard.

It is very evident that increased emphasis is required on a continuing education program for adults and that this problem must be tackled in two coincident phases. The facilities and opportunities for continuing education must be provided, and at the same time, adults must be made aware of these opportunities and encouraged to make the most of what is available. Thus, quite apart from providing the type of educational programs that are needed, it is evident that a very significant public relations effort must be undertaken in order to bring these programs to the attention of those who can benefit from them.

Employed persons must be encouraged, by their employer, to take up the courses which are offered. This encouragement can come from the employer by offering time off with pay for employees who are attending specific courses, by offering to pay the tuition for courses which are undertaken during the evenings, or by paying the tuition for courses

which have been successfully completed. Additionally, employers may inform their employees that their future promotion will be very difficult unless certain educational standards are achieved.

The Council has recommended that a survey should be carried out in the area to determine the specific needs for management education, and prepare an inventory of the resources presently available for management training. This would enable the Council to ascertain the additional resources required and how resources could best be used.

In view of the importance of efficient management the provincial government, in co-operation with local universities, should initiate and intensify training programs for local businessmen. Courses in up-to-date business practices and the principles of economics should be provided.

The federal government will assume 100 per cent of the cost of adult training, including the amortization cost of any new facilities that may be needed. One of the three adult vocational training centres planned will be in Cape Breton, to replace facilities at Point Edward which will have to be vacated soon. The other two will be in the central and western parts of the province. These facilities and the payment of substantial allowances to trainees by the federal government will enable the province to rapidly increase its programs for training and retraining adults.

A very significant research potential exists within the various government laboratories and the universities. There is inadequate contact between these laboratories and industry. They must be brought closer together so that the existing research potential can be geared to the more immediate problems of the economy. It is also evident that industries in the area are often not fully aware of the cost-sharing aid that is now being offered by the National Research Council and by the federal Department of Industry for industrial research undertaken by private industry.

In general terms, the programs offered to industry by both of these organizations provide for a 50 per cent

payment towards any approved research program. Additionally, a firm now paying corporation taxes may have further relief in terms of 150 per cent write-off of all industrial research within the corporation tax bracket. Consequently, in certain specific research programs a dollars worth of research can be purchased at approximately 12 cents by a company. More recently, amendments to these programs have been made so that a substantial portion of a research program undertaken under these arrangements can be sub-let to a university. Smaller corporations, which have no research capability of their own, can now take advantage of these offers through the research facilities of universities.

It is encouraging to note that within the last year two new electronic manufacturing companies were started in Halifax, both of them resulting from applied research which was conducted at a local university. Such applied research involving aid from federal agencies is not restricted to the design and development of a new device. Assistance also can be obtained for research programs directed toward an increase of productivity within an existing system.

The Council, in its assessment of education and training in the province, has selected several specific topics for future study. These topics include a study of the comprehensive school system; an assessment of the future needs of industry for tradesmen and technicians; the minimum educational requirements for tradesmen; and an assessment of teaching resources for continuing education. The results of the Council's assessments of these and other topics, along with their recommendations, will be contained in the Second Plan.

THE CONCENTRATION OF ECONOMIC ACTIVITIES

One of the most important principles put forward by the Board in the FIRST PLAN concerned the geographic concentration of economic activities. Three different types of centres were defined in the PLAN, the industrial development centre, the service centre and the resource centre, around which this principle could be implemented. At the time this principle was proposed there was insufficient analysis available to delineate specifically which communities would be involved and how a concentration policy could be implemented, other than in a general way.

The Department of Municipal Affairs, through their Community Planning Division, has undertaken a research program to assess the development potential of regions and communities within the province. This program has essentially three stages: first, the measurement and description of present conditions within each of the province's regions and their respective communities; second, an integrated economic and physical analysis of this information; and third, using the results of the first two stages in drafting a comprehensive plan outlining the role of specific communities in the future development of the province.

At present the Division has concentrated their efforts on the first stage which has been divided into three sections: first, a study of population characteristics and distribution; second, a study of the economic activities and the economic base of the individual communities, including labour force characteristics, industrial activities, and the service industry; and third, a study of the environment of the communities including such factors as housing, land use, levels of public service, public administration and facilities and urban renewal. The population sector is nearing completion and work is underway on the other two sections.

Another part of this program is a study of the urban development to identify the underlying structural features which characterize the present development of the urban centres in Nova Scotia and to determine how these features

are related to growth or decline. This study is also underway.

This entire program of research was established by the Division in close liaison with the Board. The results of this research will establish the development potential of each of the province's major communities. As well as providing the necessary information for the Division's own work of preparing regional and community plans, the program will assist the Board in the formulation of more detailed policy recommendations for the geographical organization of economic activities to be included in the Second Plan.

COAL

This section on Chapter 4 is a chronological review of the attention given by the Board to the Nova Scotia coal problem. Reference is also made to the DOANLD REPORT and the recent policy statement of the Prime Minister on this matter. The Board's submission to the Government appears at the end of this section.

It will be recalled that the Board in its FIRST PLAN expressed concern with the deteriorating condition of the provincial coal mining industry. It also appointed a Special Committee on Coal from its membership to make a further analysis of the problem and to make appropriate recommendations. The report of this committee was adopted by the Board and was included in Appendix C of the FIRST PLAN.

Basically, this committee concluded that the industry's problems were of such magnitude that they precluded any hope of restoring the industry to a self sustaining position. Further, that the costs of supporting the industry in its falling condition were accelerating at a rate which would ultimately make it impossible to continue this support.

It was also obvious to the Board that the problems of the coal industry could not be considered in isolation. Here was a large urbanized and specialized labour force, settled in long established communities and almost entirely dependent on a single industry for support. If this industry were to be allowed to suddenly go out of existence, the social and economic repercussions would be disastrous.

Under these circumstances the Board concluded that the industry must be kept alive while a massive attack was launched to develop an alternative economic base for those regions entirely dependent on the coal industry. Moreover, since such a task could not be accomplished quickly the Board recommended that corrective measures would be required to reduce, insofar as practicable, the heavy costs of continuing the coal mines in operation

during this period. In evaluating the enormous cost of accomplishing this objective it was clear that it would run far beyond the limited resources of both the mine operators and the Province of Nova Scotia.

At this time it was known that the federal government was studying the problem in depth and searching for a long term solution. With this in mind the Board confined its recommendations to the problems which would be dominant over the short term, or the transition period, while the long term solutions were being worked out by the federal government.

In summary, the recommendations of the Board called for stabilization of the industry to provide adequate support of the dependent labour force through coal market guarantees and subsidy payments. In addition, to reduce subsidy costs during this period, a program of mine rehabilitation and development which would be consistent with long range objectives was recommended.

In October 1966 the federal study, entitled THE CAPE BRETON COAL PROBLEM by J. R. Donald was made public.

In releasing this study the federal government let it be known that it was anxious to sound out public reaction to this study and further to consult with the Government of Nova Scotia and other interested parties and organizations before making final policy decisions. In view of this the Board again called on its Special Committee on Coal to make an assessment of Dr. Donald's conclusions.

Upon receiving its coal committee's report the Board stated its views and position on the DONALD REPORT in a submission to the Minister of Finance and Economics for Nova Scotia. The complete submission is set out on pages 79 to 82 at the end of this section.

Shortly after the Board made this submission the Prime Minister of Canada issued a policy statement setting forth the views and intentions of his government concerning the entire Cape Breton problem.

This statement encompassed seven main points, summarized below, which had been jointly agreed to by

the governments of Nova Scotia and Canada, but which still have to be ratified by legislative and parliamentary action.

1. The establishment of a single Crown Corporation to (a) acquire, reorganize and manage the coal mining interests of the Dominion Steel and Coal Corporation and

(b) simultaneously to help promote and finance the development of modern industry within the context of a comprehensive economic plan for the redevelopment of the Cape Breton economy.

2. This Crown Corporation is to be financed by a capital contribution of 45 million dollars from the federal treasury, about 25 million dollars of which is designated for the rehabilitation and operation of the mines and about 20 million dollars for the development of new industry. As the mine rehabilitation program progressively reduces annual operating losses, the resulting savings will be applied to augment the economic development fund. The Government of Nova Scotia will contribute a further 10 million dollars to this fund.

3. Subsidy payments to coal mine operators on coal sales to be discontinued.

4. Rationalization of the mines and progressive reductions in coal production to an annual level of about two million tons to be related to the success in the introduction of new industries.

5. The Crown Corporation to be instructed to give full consideration to the need for orderly adjustment, including the implementation of a generous early retirement plan for the miners as recommended by Dr. Donald.

6. The decision regarding the opening of a new mine at Lingan to be the responsibility of the Crown Corporation.

7. The Government of Nova Scotia has agreed to

(a) assume financial responsibility, as it sees fit, for support of the independent coal mines,

- (b) co-operate with the Crown Corporation to maintain an orderly market for Nova Scotia's coal,
- (c) issue no further coal mine leases or permits during the next 15 years without the approval of the Crown Corporation.

With certain exceptions and providing always that this federal-provincial policy statement is ratified and faithfully implemented without further delay, the Board believes that it holds great promise for the satisfactory resolution of this long standing problem. In general it embodies most of the principles and recommendations previously established by the Board.

It does, however, leave two important points still at issue.

It would seem most unwise to limit the redevelopment funds and to schedule their application to anticipated savings from financial assistance to the coal mines. In the early stages of economic redevelopment, demand for these funds is likely to be highest. Production, and hence employment, cannot be reduced materially before replacement industry has been established. Significant reductions in coal mine operation costs are unlikely to be realized prior to reductions in coal production.

The second point concerns the acceptance of full financial responsibility of the independent mines by the government of Nova Scotia. This, plus the province's commitment of 10 million dollars towards the industrial development program for Cape Breton could prove to be a heavy and disproportionate burden indeed. It is hoped that a more satisfactory solution to this problem may still be possible.

SUBMISSION FROM THE VOLUNTARY PLANNING BOARD
TO THE HON. G. I. SMITH
MINISTER OF FINANCE AND ECONOMICS
PROVINCE OF NOVA SCOTIA

The Nova Scotia Voluntary Planning Board has given detailed consideration to the report by Dr. J. R. Donald on the CAPE BRETON COAL PROBLEM, and feels that the problem is of such urgency that it should make recommendations to the Nova Scotia government without delay.

In making these recommendations, the Board wishes to point out that, from its Special Committee on Coal, it has been able to draw upon the expert knowledge and experience of representatives of the coal operators, the United Mine Workers and the community at large.

The Board wishes to emphasize three factors in the overall situation:

(1) Its responsibility is to recommend plans for the long-range development of the economy of Nova Scotia; and the Cape Breton problem is fundamental to the economy, for a prosperous Cape Breton is essential to a prosperous Nova Scotia.

(2) The successful solution of the Cape Breton problem depends on the development of a new structure of manufacturing industry in the area. This coincides with the recommendations in the FIRST PLAN; i.e. that top priority be given to development of secondary manufacturing and service industries and towards concentration of industry in growth centres, of which the Sydney-Glace Bay area obviously must be one.

(3) It is clear that the proposals made will involve expenditures far beyond the ability of the provincial economy to bear on its own. Dr. Donald emphasized this in his report (p. 22) where he pointed out that the federal government has accepted the need for special action to strengthen the economy of the Atlantic Provinces and he further commented that Cape Breton presents a particular problem within the Atlantic Provinces. Financially, the solution to the Cape Breton problem can only be the responsibility of Canada as a whole.

The DONALD REPORT agrees in important areas with

the conclusions set out in the Board's FIRST PLAN and is at variance in other important areas.

The DONALD REPORT is comprehensive, detailed, and represents an attempt to plan totally so far as its terms of reference allow.

One notable instance of this is its recommendation for two Crown Corporations, one of which would assume responsibility for the coal mining industry while the other would have responsibility for development of the Cape Breton economy through utilization of its resources, and promotion and establishment of new industry. Another notable instance is its outline of an early retirement plan for coal mine employees.

In regard to the Crown Corporation proposal, conflicting views exist as to whether there should be two separate corporations or just one. The Board's recommendation is there should be one corporation with two sub-divisions, one of which would deal with the coal problem, and the other with industrial development; with such a corporate structure the necessary co-ordination would more likely be achieved.

In regard to the ultimate future of Cape Breton coal, Dr. Donald could quite reasonably feel obligated to time-schedule its phase-out, since he had concluded that this was the inevitable solution. The Board, however, feels that practical and immediate considerations make it impossible to accept this detailed time scheduling.

Both the Voluntary Planning Board and Dr. Donald emphasize one dominant point. They both seek to strengthen the economy of Cape Breton with diversified manufacturing-based industries capable of absorbing the Cape Breton labour force.

The Board is on record as not favouring employment for its own sake, where it cannot make a contribution to economic improvement of Nova Scotia. It is also on record as not favouring abrupt drastic structural changes that will impose undue hardships on those directly involved. Rather, it favours adoption of interim measures and policies designed to alleviate

social hardships while necessary structural changes are in process of being brought about.

In keeping with this, past experience has shown that establishment of replacement industry in Cape Breton is going to be neither an easy nor a short-term project. Therefore, it is essential to stabilize the coal industry at its present level during the period of development of alternate employment, which could last until 1972 or beyond.

The Board feels the DONALD REPORT overlooks certain factors where it deals with the disposition of the currently employed mining labour force. It must be kept in mind that in recent years the coal mines have each year been absorbing several hundred new labour force entrants. If, as proposed in the DONALD REPORT, these new entrants are barred from entering the mines from 1969 to 1978, the task of providing these new men with other employment will likely dwarf that of finding alternate employment for those who are to be displaced from the mines.

The Board suggests that the existing coal and steel industries in Cape Breton offer the only presently significant base on which to build a diversified complex of secondary industries in this region. If this can be done successfully it can be expected that the mines will automatically phase themselves down to the limits of economic demand, as the mining labour force is gradually attracted by more favourable wages and working conditions on the surface. It must be emphasized that the mine labour force should not be expected to leave the collieries for industries offering sub-standard wages.

Reverting to the proposed Crown Corporation, several general provisions should be emphasized. These are:

- (1) That the redevelopment division funds be adequate for the massive undertaking necessary and not limited in either amount or time scheduling to the savings resulting from the phasing down of the coal industry.

- (2) That no attempt should be made to reduce employment in coal mining prior to the successful

establishment of alternative employment opportunities.

(3) That training and retraining of the Cape Breton labour force should receive top priority in whatever plan is adopted.

The Board also recommends that the Board of Directors of the Crown Corporation should include highly-qualified and senior representatives of both federal and provincial governments, of mine operators and mine labour, and of local social and business leaders; and that the permanent administrative staff be likewise highly qualified in their fields.

The Board urges further that there is need to improve the mining community environment to make it more attractive to new industry. Such a program might include provision of attractive new rental housing at rental rates sufficient to amortize their capital cost and maintenance over a 30-year period.

To sum up, the Board can see no reason at present to alter substantially the recommendations outlined in its FIRST PLAN. It must be emphasized that they were designed to be of an interim nature only (to 1972) and to alleviate widespread social distress until such time as the Cape Breton economy could be placed on a sound, rational footing. There is as yet no positive evidence that this tremendous task will be accomplished on the necessary scale prior to this date. Specific details and methods for bringing about stabilization of the entire coal industry during this period should quite properly be the responsibility of the Crown Corporation charged with this task.

All available evidence suggests that the federal government through its many agencies for dealing with social problems arising in areas of depressed economies, is prepared to mount a massive effort for the long-term solution of these problems. It is the responsibility of Nova Scotia to co-operate with every means at its disposal to see that this goal is achieved at reasonable cost, as rapidly as possible and with a minimum of social upheaval.

PART III - CHAPTER 5**SUMMARY OF ECONOMIC POLICIES AND DEVELOPMENT
IN NOVA SCOTIA**

During the first half of the planning period the provincial economy has sustained rapid growth. A number of the policies recommended by the Board have been implemented and the Cape Breton coal situation has been tackled. In most cases established targets have been met or surpassed. Much of the province's growth can be attributed to the dynamic expansion of the national economy. This condition is a prerequisite for rapid growth at the provincial level.

The Canadian economy has experienced rising prices, increased wage costs and a slow growth in productivity. These factors have a serious impact on the competitiveness of Canada in the international markets on which Canadian expansion depends heavily. It is expected that some of these problems will be lessened when the new plants and equipment resulting from the large investment programs of 1965 and 1966, come into production. Thus the outlook for the national economy during 1967 is one of more moderate growth, while prices are not expected to increase as fast as in 1966. Public and private investment expenditures are not expected to increase at the high rates of the past two years. Their growth will be much more moderate. This has important implications for Nova Scotia. A high rate of growth in investment is needed in Nova Scotia to improve productivity levels and create new employment.

The provincial economy, being part of the national economy, must operate within a broad economic framework established by federal government policies. Part of this framework is influenced by fiscal and monetary policies. These policies are used to promote a healthy and vigorous national economy. However, differences in regional economic conditions are often such that while national conditions require one type of policy a region may require the opposite. In 1966 the national economy operated under fiscal and monetary restraints while conditions in the provincial economy did not seem to warrant these restraints to the same degree. In applying these policies at the

national level every consideration should be given to regional differences in economic conditions. The nature of monetary policy makes it very difficult to apply on a regional basis. However, attempts should be made to recognize these differences and allow for them to the extent possible. Fiscal policy lends itself to regional application more readily and should be applied accordingly.

While a rapidly expanding national economy is necessary for growth at the provincial level, it does not appear to have been sufficient to reduce the disparities in regional income. To reduce these disparities the policies of the Atlantic Development Board, the Area Development Agency, Industrial Estates Limited and other federal and provincial agencies and departments which are specifically aimed at improving economic growth at the regional and provincial level are important. Their policies, along with economic conditions generally, have substantially increased employment, investment and income in the province. However, conditions appear to indicate that the rate of employment growth will be difficult to maintain in view of a general slowdown in investment and the increasing competitiveness in the field of attracting new industry. Furthermore, to reverse the trend of increasing out-migration from the province, expanded employment opportunities are necessary. While total employment has increased in line with the established targets, employment growth in manufacturing, especially secondary manufacturing, has not been as great as desirable. To change this situation increased efforts must be made by all levels of government and private industry to actively promote and induce the establishment of new industry and the expansion of existing industry in Nova Scotia. This will require increased research into industrial development, the adoption of new policies (for example, consideration should be given to the approach taken in Southern Italy for the industrial development of Bari), and the pursuit and implementation of policies outlined in the Board's FIRST PLAN. The program to be initiated in Cape Breton for industrial development, as part of the policy aimed at solving the problem of the coal industry, will provide ample opportunity to experiment with new techniques for planning and attracting new industry.

The fields of education, transportation and commercial

policy, also have important implications in the province's growth. It is believed that manufacturing industries in the province would gain great benefits from freer trade and high quality low cost transportation facilities. Freer trade would allow for further processing of products shipped in a semi-processed state and make the province more attractive for the location of certain types of export-oriented industry. It is hoped that the federal government will continue its efforts in negotiating for freer trade.

The geographical position of the province makes transportation a vital issue in its development. Attempts are being made to improve transportation facilities serving the province in two ways. The first is in the establishment of facilities to meet the need of existing and future industry. The second is in the development of the Port of Halifax as a trans-shipment point for ocean traffic. Encouragement and support should be given to these efforts. Any national transportation policy should recognize the needs of the province for efficient, low cost transportation. The policy should be aimed at augmenting, not negating, the efforts being made for industrial development.

Education is an important factor in economic growth and particularly so in Nova Scotia. In attempting to change the economic structure of the province from one of primarily resource-oriented production and to improve the productivity of the labour force, increased emphasis is being placed on technical and vocational training. Great progress has been made in improving and expanding facilities for this type of training. However, equally important to economic growth and productivity is a competent and well trained management. While management training programs are available, they have not been given the same emphasis as technical and vocational programs. An assessment of the types of management training required and the establishment of suitable programs, where they do not at present exist, is a necessity. The most difficult problem for both types of training appears to be in attracting the labour force and management personnel to use the existing facilities and programs to its potential. This will require a great deal of study

into how these people can be motivated, along with continued efforts by government and industry in "selling" the advantages of increased training and promoting the facilities available.

With the large number of government and public agencies involved in establishing and implementing policies for economic development, there is increasing need for co-ordinating their efforts. While this need has long been recognized, it is still a matter of concern. The Economic Council of Canada in its THIRD ANNUAL REVIEW stressed the importance of better co-ordination between the many federal government departments and agencies. There must also be better co-ordination and liaison between all levels of government. Finally, within the provincial government, every attempt must be made to ensure that priorities for economic growth are adhered to in the establishment of policies and programs; and the province's two planning programs, economic and physical, should be brought closer together to ensure that priorities are rationalized and policies are integrated into one overall plan for the province.

APPENDIX A

PUBLICATIONS OF
NOVA SCOTIA VOLUNTARY PLANNING BOARD

Copies of the following publications are available by mail from the Queen's Printer, P. O. Box 368, Halifax, upon receipt of a cheque or money order drawn to the order of the Minister of Finance and Economics, Province of Nova Scotia.

<u>Title</u>	<u>Price</u>
An Analysis of the Nova Scotia Apple Industry (1930 to 1972), by N.G. Mulder	*
Demand and Production Analysis of Agriculture in Nova Scotia (1950 to 1972), by H.K. Larsen .	\$3.00
Report on Progress, Overall Plan, Nova Scotia to 1968	*
First Plan for Economic Development to 1968 ...	3.00
Plan for the Agriculture Sector	2.50
Plan for the Fisheries Sector	2.50
Plan for the Forestry Sector	2.50
Plan for the Mining Sector	2.50

<u>Title</u>	<u>Price</u>
Plan for Secondary Manufacturing Sector, by R. Ian Logan and George P. Miller	\$2.50
Plan for the Transportation and Communication Sector	2.50
Report of Fur, Fish, Game and Recreation Segment Committee	2.50
A Study of Nova Scotia Exports (Fiscal 1937-38, 1947 to 1963), by John F. Earl	2.50
A Study of Employment Trends in the Services Sector of the American, Canadian and Nova Scotia Economies (1921-1961), by D.P. Schafer .	2.50

* These publications are out of print and demands do not warrant reprinting. Copies of all publications are available in most university and public libraries.

APPENDIX B

16 mm COLOUR FILM

Title: AND NOW

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Phone: 422-7341 - Local 542
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5240 Blower Street, HALIFAX
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National Film Board of Canada Offices and Representatives

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1572 Barrington Street
Phone: 422-8391
Mr. P. G. MacLeod

NEW GLASGOW - Federal Building
East River Road
Phone: 752-7159
Mr. E. A. Fraser

SYDNEY - Federal Building
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Phone: 562-1171
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